Integrated Annual Report 2020

AngloAmerican

Re-imagining mining to improve people's lives

Transforming the very nature of mining for a safer, cleaner, smarter future.

Using more precise technologies, less energy and less water, we are reducing our environmental footprint for every ounce, carat and kilogram of precious metal or mineral.

We are combining smart innovation with the utmost consideration for our people, their families, local communities, our customers, and the world at large – to better connect precious resources in the ground to all of us who need and value them.

And we are working together to develop better jobs, better education and better businesses, building brighter and healthier futures around our operations in our host countries and ultimately for billions of people around the world who depend on our products every day.

Group performance

Revenue

$30.9 bn

2020	$30.9 bn
2019	$29.9 bn

Underlying EBITDA◊

$9.8 bn

2020	$9.8 bn
2019	$10.0 bn

Operating profit

$5.6 bn

2020	$5.6 bn
2019	$6.2 bn

Underlying earnings per share◊

$2.53

2020	$2.53
2019	$2.75

Profit attributable to equity shareholders

$2.1 bn

2020	$2.1 bn
2019	$3.5 bn

Net debt◊

$5.6 bn

2020	$5.6 bn
2019	$4.6 bn

Total dividends per share

$1.00

2020	$1.00
2019	$1.09

Attributable free cash flow◊

$1.2 bn

2020	$1.2 bn
2019	$2.3 bn

Group attributable ROCE◊

17%

2020	17%
2019	19%

Number of fatalities

2

2020	2
2019	4

Total recordable case frequency rate (TRCFR)

2.14

2020	2.14
2019	2.21

Level 4-5 environmental incidents

0

2020	0
2019	0

◊ Alternative Performance Measures
Words with this symbol ◊ are defined in the Alternative Performance Measures section of the Integrated Annual Report on pages 246 to 250.

Our reporting suite

You can find this report and others, including the Sustainability Report and the Ore Reserves and Mineral Resources Report, on our corporate website.

For more information, see
www.angloamerican.com/investors/annual-reporting

FutureSmart Mining™

In order to deliver on our Purpose we are changing the way we mine through smart innovation across technology, digitalisation and sustainability.

To discover more about the future of mining, see
www.angloamerican.com/futuresmart/futuresmart-mining

Social channels

AngloAmerican
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Basis of reporting

The Anglo American plc Integrated Annual Report for the year ended 31 December 2020 is produced in compliance with UK regulations. Additionally, we have compiled this report using the Guiding Principles and Content Elements set out in the International Integrated Reporting Council's <IR> Framework.

Integrated Reporting aims to demonstrate how companies create value sustainably over time, for a range of stakeholders – consistent with Anglo American's Purpose, business approach and strategy. This report, therefore, includes a comprehensive overview of our material matters, in the eyes of our stakeholders, and the impact these matters have on the value we create.

Measuring performance

Throughout the Strategic Report we use a range of financial and non-financial measures to assess our performance. A number of the financial measures are not defined under IFRS so they are termed 'Alternative Performance Measures' (APMs). We have defined and explained the purpose of each of these measures on pages 246 to 250, where we provide more detail, including reconciliations to the closest equivalent measure under IFRS. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Units

'Tonnes' are metric tons, 'Mt' denotes million tonnes, 'kt' denotes thousand tonnes, 'Mct' denotes million carats and 'koz' denotes thousand ounces; '$' and 'dollars' denote US dollars and 'cents' denotes US cents.

Forward-looking statements and third-party information

This document includes forward-looking statements and third-party information. For information regarding forward-looking statements please refer to the IBC of this document.

Non-Financial Information Statement

We aim to comply with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table on page 96 is intended to guide stakeholders to where the relevant non-financial information is included within our Strategic Report. Further information on the basis of preparation of our non-financial information can be found in our Sustainability Report 2020. Non-financial information in this report includes subsidiaries and joint operations over which the Anglo American Group has management or acts as operator. It does not include independently managed operations, such as Cerrejón, Collahuasi and Samancor unless specifically stipulated where there have been significant incidents. It also excludes De Beers' non-managed joint operations in Namibia and Botswana.

Contents

Our business at a glance

Anglo American is a leading global mining company, with a world class portfolio of mining and processing operations and undeveloped resources, with more than 95,000 people working for us around the world, in 15 countries.

We provide many of the essential metals and minerals that are fundamental to the transition to a low carbon economy and enabling a cleaner, greener, more sustainable world, as well as meeting the growing consumer-driven demands of the world's developed and maturing economies. And we do so in a way that not only generates sustainable returns for our shareholders, but that also strives to make a real and lasting positive contribution to society as a whole.

For more information, see our Tax and Economic Contribution Report
See www.angloamerican.com/investors/annual-reporting

Our overview video gives a complete introduction to what we do and our ambitions for the future
See https://youtu.be/6TKaHzCT4YY

Product groups

- Diamonds
- Copper
- Platinum Group Metals
- Iron Ore
- Metallurgical Coal
- Thermal Coal
- Nickel and Manganese
- Crop Nutrients

Diamonds
$417 million
Underlying EBITDA◊

4%
Group underlying EBITDA◊

25.1 Mct
Production (100% basis)[1]

Copper
$1,864 million
Underlying EBITDA◊

19%
Group underlying EBITDA◊

2 greenfield projects
Peru (Quellaveco) and Finland (Sakatti)

647 kt
Production

PGMs
$2,555 million
Underlying EBITDA◊

26%
Group underlying EBITDA◊

3,809 koz
Production: PGMs

Iron Ore
$4,565 million
Underlying EBITDA◊

47%
Group underlying EBITDA◊

37.0 Mt
Production: Iron ore – Kumba

24.1 Mt (wet basis)
Production: Iron ore – Minas-Rio

Metallurgical Coal
$50 million
Underlying EBITDA◊

1%
Group underlying EBITDA◊

16.8 Mt
Production: Metallurgical

Thermal Coal
$(15) million
Underlying EBITDA◊

20.6 Mt
Production: Thermal - export

Nickel and Manganese
$510 million
Underlying EBITDA◊

5%
Group underlying EBITDA◊

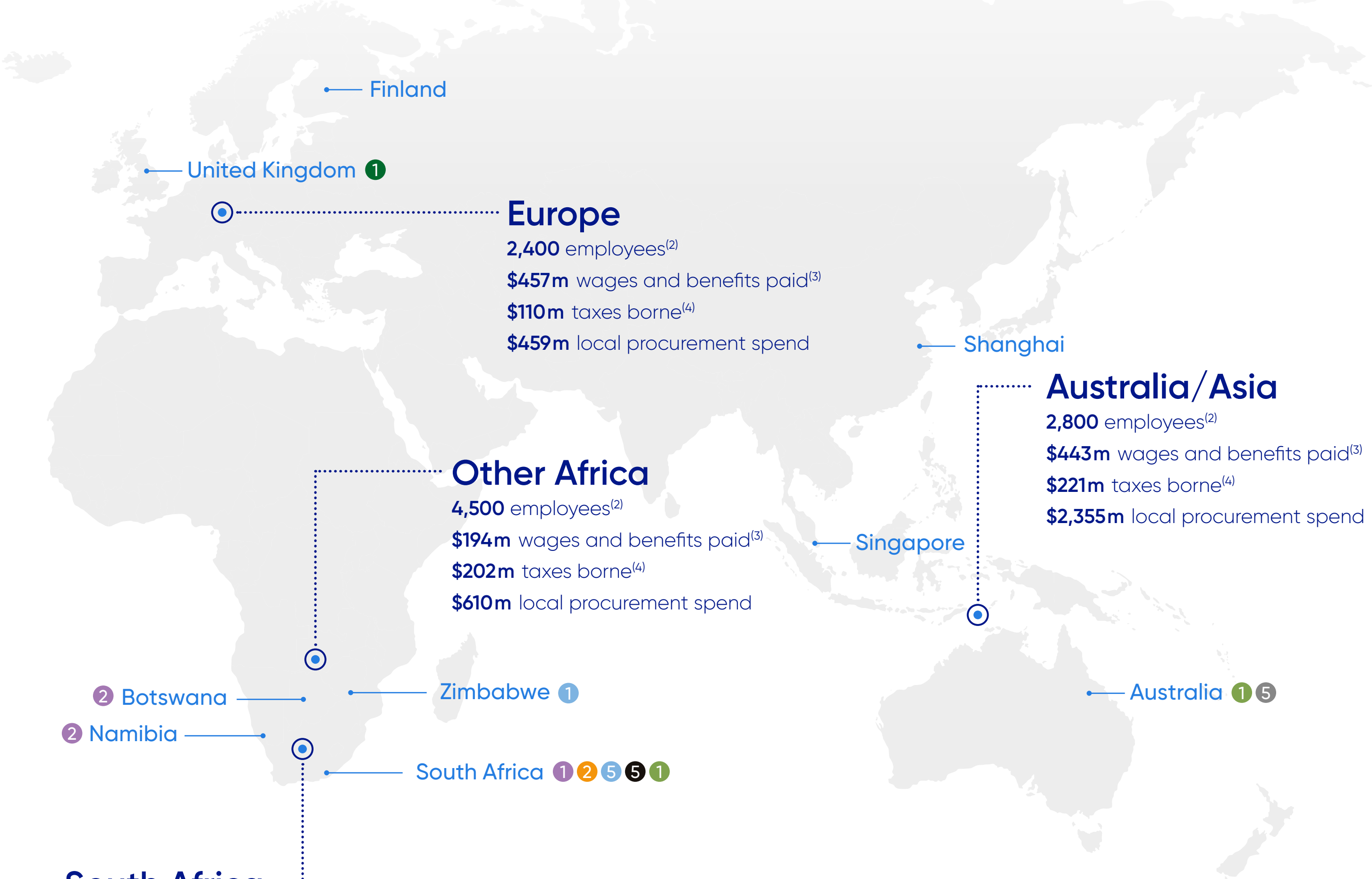
43.5 kt
Production: Nickel

3.6 Mt
Production: Manganese ore and alloy

Crop Nutrients
$1 million
Underlying EBITDA◊

Corporate and other
$(145) million
Underlying EBITDA◊

More detailed information and maps can be found in the business unit reviews
See pages 66-95



Europe
2,400 employees[2]
$457m wages and benefits paid[3]
$110m taxes borne[4]
$459m local procurement spend

Australia/Asia
2,800 employees[2]
$443m wages and benefits paid[3]
$221m taxes borne[4]
$2,355m local procurement spend

Other Africa
4,500 employees[2]
$194m wages and benefits paid[3]
$202m taxes borne[4]
$610m local procurement spend

South Africa
44,700 employees[2]
$1,628m wages and benefits paid[3]
$1,626m taxes borne[4]
$3,115m local procurement spend

See page 96 for footnotes.

"It is our duty to be responsible and responsive. Across Anglo American, our employees made an exemplary effort in 2020 to not only safeguard each other and those in our local communities, but to ensure our presence continues to benefit society."

Stuart Chambers
Chairman

Re-imagining mining to

In an extraordinarily challenging year, Anglo American demonstrated its resilience and agility, protecting our employees and communities, sustaining operations and progressing our major capital projects. At the same time, we set ourselves demanding carbon neutrality targets, the pathway to which is enabled through innovative technologies that are playing a vital role in helping the company live up to its Purpose of *re-imagining mining to improve people's lives*.

WeCare – our response to Covid-19

As the global health emergency became clear, Anglo American acted quickly to help protect our workforce from the spread of Covid-19. Across the business, we implemented all the appropriate health, hygiene and distancing measures to keep our people safe and well, while maintaining the security and integrity of our operations to ensure unimpeded economic activity for our supply chain and flow of essential products to our customers.

We provided extensive support for our more than 95,000 employees and contractors throughout the various lockdown periods, ensuring that everyone was able to focus on their health and safety, and those of their families. We also rolled out a global health awareness and support programme called WeCare, specifically to protect the physical and mental health, well-being, and livelihoods of our employees and host communities.

Recognising the vital role we play in so many, often remote, communities close to our operations, we engaged with those communities, as well as government agencies, to make sure we could continue to provide and extend a wide range of essential services and equipment, both during the pandemic and into the vital economic recovery phase. From the provision of water, electricity, housing and food, to support for teachers, students and small business, as well as additional hospital facilities, beds, medical equipment and personal protective equipment (PPE), Anglo American has stepped up and will continue to do the right thing.

Safety

Lockdowns in certain countries put additional pressure on our mining operations as they went through the phases of temporary shut-downs and the subsequent re-opening and ramp-up of operations. Such changes pose particular safety risks, and it is testimony to our safety systems and processes that Anglo American achieved its best ever levels of safety performance in 2020. I am, however, very saddened to report that two people died in work-related incidents at our operations during the year, in South Africa. Additionally, three people also died in operations that we do not manage. In spite of recording the lowest number of fatal incidents, a single fatality is always too many.

Safety is always uppermost on the Board's agenda and I am encouraged that our Elimination of Fatalities Taskforce is making headway in raising our safety performance. The Taskforce's learnings are informing a more complete understanding of the causes of serious incidents and are helping us to prioritise actions to eliminate risk at, and in travelling to and from, the workplace.

Sustainable mining

When a phenomenon such as Covid-19 takes over our lives, it is easy to relegate other matters to a background role. Climate change is unquestionably the enduring issue of our age and Anglo American has a clear role to play, both in how we conduct our business and the many metals and minerals we produce that themselves enable a low carbon economy.

Anglo American set itself ambitious sustainability targets in 2018, embedded in our Sustainable Mining Plan. Aligned with the UN's Sustainable Development Goals (SDGs), the plan's three pillars of a *Healthy Environment*, *Thriving Communities*, and *Trusted Corporate Leader* map to the much-used 'ESG' acronym. We added to these in the year, by committing to being carbon neutral across the operations by 2040, and roughly a third of the business by 2030, by which time we also aim to have met our standing targets of a 30% improvement in energy efficiency, a 50% reduction in the abstraction of fresh water, and a 30% reduction in absolute greenhouse gas emissions.

Anglo American's FutureSmart Mining™ programme is playing a major part in getting us to these targets, introducing new technologies and digitised approaches that are making mining safer and reducing its overall environmental footprint. Certain of the physical processes of mining are giving way to automated equipment that keeps people safely away from the rockface; dry stacking can replace conventional wet tailings facilities; renewables are replacing carbon-generated energy; and we are embracing circular economy principles. We are also playing our part in developing the hydrogen economy, including through investments to use platinum group metals as the catalyst for new generations of hydrogen electric transport.

Portfolio and performance

Anglo American performed well in 2020, particularly in the less disrupted second half of the year. The commendable resurgence in performance led by Mark Cutifani since he became chief executive continued. Based on the more normalised second half of 2020, a significantly improved portfolio of half the number of assets is today producing 6% more product on a copper-equivalent basis, with production per employee more than doubling.

Anglo American today has one of the most compelling growth profiles in the industry, with considerable optionality, across a truly diversified mix of metals and minerals for which we see attractive market dynamics. Many of those products are the essential raw materials needed for a cleaner, greener world, as well as to cater to the consumer demands of the world's fast-growing population.

Central to that volume growth, our new Quellaveco copper mine in Peru will boost our supply of one of the modern world's most needed energy transition metals, while the Woodsmith crop nutrients project in the UK, which we acquired in March, diversifies our portfolio further with a large multi-nutrient fertiliser orebody that will offer a low carbon alternative to many other fertilisers. Both of these projects are progressing well. The business is also progressing its exit from its remaining thermal coal operations in South Africa, likely via a demerger.

Anglo American continues to generate healthy cash flows that we are using to re-invest in our business and deliver sustainable cash returns to shareholders. In 2020, the benefits of strong prices for certain products and operational performance in the latter months were offset by Covid-related and other operational disruptions in the first half. For the year, revenue increased by 3% to $31 billion, and underlying EBITDA decreased by 2% to $9.8 billion. Profit attributable to equity shareholders was lower at $2.1 billion.

The Board has recommended a final dividend of 72 cents per share, bringing our total dividends for the year to $1.00 per share, in line with our 40% of underlying earnings payout policy. This payment will bring our total cash return to shareholders to $6.1 billion since mid-2017. I am pleased to see that Anglo American's Total Shareholder Return (TSR) for the year was 16.2%, second among the UK-listed majors, against the FTSE 100 at (11.4)% and the FTSE 350 mining index at 19.6%.

A volatile global economy

2020 saw volatility across world markets, in part due to fear and uncertainty and also driven by protectionist behaviour in a number of countries. What remains clear, however, is that the products of mining continue to benefit from strong supply and demand fundamentals, enhanced in many cases by the necessary drive towards global decarbonisation and broad-based consumer demand. While prices for many asset classes will likely continue to fluctuate, I am confident that the trajectory for our business is positive.

Governance

Mining companies often operate in remote areas where our presence can significantly impact the socio-economic environment. We are committed to ensure that what we do is beneficial both during the life of a mine, and that we leave a positive and enduring legacy for our workforce and host communities long after the mine gates close.

It is not surprising – and indeed we welcome the fact – that expectations of mining companies are being raised. This has long been the case on the ground, of course, and is also now reflected in the capital being invested in funds that are increasingly applying stringent ESG performance criteria. We engage extensively with our current and potential investors on such matters, including in the important work to determine a transparent and consistent approach to measuring such performance.

Our employees also provide the Board with their perspectives. Our Global Workplace Advisory Panel, comprising 12 employees drawn from across our business, and chaired by our senior independent director Byron Grote, held two virtual meetings during the year. Set up in 2019, the panel is proving valuable in promoting understanding of the concerns of employees and directors alike.

improve people's lives

Our Board

Boards must reflect an appropriate mix of skills, experience and diversity – and we continue to refresh the Board as a whole as tenures come to an end and to suit the business that we govern. Succession planning for both the non-executive and executive directors is a critical and ongoing cycle of work.

As part of that continuous renewal, there were several non-executive director changes in 2020 and into 2021: on 1 January 2020, Nonkululeko Nyembezi joined the Board. Following the conclusion of the AGM on 5 May, Dr Mphu Ramatlapeng stepped down after almost seven years. Jim Rutherford also stepped down on 31 December, after seven years. Elisabeth Brinton will join the Board on 1 March 2021 and Hilary Maxson will join the Board on 1 June 2021.

In 2020, great care was taken to assure continuity in the Board's proceedings. A full schedule of meetings, including those of the Board's committees, was held as planned, albeit in a virtual environment. More information on the Board's discussions and decision-making can be found on pages 110 and 111.

Thanks

I would like to thank all our employees, the senior management team and our Board for their adaptability and resilience and their unremitting efforts in helping drive our business forward in accordance with our Purpose and Values.

Our Strategic Report

Our 2020 Strategic Report, from pages 2 to 96, was reviewed and approved by the Board on 24 February 2021.

Stuart Chambers
Chairman

Chief Executive's statement

In 2020, we saw much of the world tested to its limits. In dealing with the pandemic, I am immensely proud of how our team of more than 95,000 people across Anglo American pulled together to do what's right for each other, for our many stakeholders across society and for the business.

We showed considerable speed, agility and resilience in helping to keep people and communities safe while supporting business continuity. Our global WeCare response programme is centred around our employees and our host communities – working to protect both physical health and mental health; and to support many aspects of lives and livelihoods in our host communities.

We worked with host governments and communities to build on our already extensive role in the often remote rural areas where we operate. From the supply of energy and water, to schools, healthcare, and the basic economic engine that supports many local businesses, we have stood in partnership and done the right thing with those who need us most. Looking at the full year, never have we felt more committed to our Values, or guided by our Purpose of *re-imagining mining to improve people's lives*.

Safety

The safety of every individual is always front of mind. While our safety performance has been completely transformed over the last seven years, we are not yet where we need to be.

Our determination to achieve zero harm is our most pressing challenge. Making sure every employee returns home safely at the end of each day drives our thinking and behaviours across the business. It is with this mindset that we have reduced fatal incidents by 87% since 2013. However, we still experience serious safety incidents – such as the gas ignition at Grosvenor in May in which five colleagues were seriously injured – as well as fatal incidents. In 2020, and after eight fatality-free months at our managed operations, two people lost their lives at work, one in each of our PGMs and thermal coal businesses in South Africa.

We are unconditional about safety and every loss of life is tragic. We will not rest until zero harm is achieved and sustained across our business. We have shown it can be done for long stretches of time and now we must make it permanent. Our focus on elimination of fatal incidents also extends to our non-managed operations, where three losses of life in PGMs joint operations were reported.

In recognising material progress, the Elimination of Fatalities Taskforce that we launched in 2018 has been central to our improvement and is being stepped up in our quest for zero harm. In 2020, we recorded another important step with an all-time-low total recordable safety rate, being a 60% improvement since 2013.

Financial performance

Underlying EBITDA for the year of $9.8 billion, a 2% decrease, recognised the effects of the early months of the pandemic and operational disruptions at our Grosvenor mine and in our PGMs business, mitigated by second half production recovery and the increasingly strong price environment for iron ore, copper and PGMs in the last few months of the year.

Despite 10% lower total production volumes, we increased our mining EBITDA margin◊ to 43%, supported by solid cost control, a strong contribution from Marketing and price strength in many of our products. Operating profit decreased by 9% to $5.6 billion, with profit attributable to equity shareholders amounting to $2.1 billion, a 41% decrease.

We generated attributable free cash flow of $1.2 billion, a 47% decrease, due largely to a temporary increase of working capital and our investments in the business. Our return on capital employed of 17% was above our targeted 15% through-the-cycle return.

We are resolutely committed to capital allocation discipline and to maintaining a strong and flexible balance sheet. At the end of 2020, net debt of $5.6 billion, or 0.6 x underlying EBITDA, reflects the growth investments we are making, largely offset by strong cash flow in the second half of the year.

Combined with the proposed final dividend payment of 72 cents per share, total dividends paid to shareholders in respect of 2020 will amount to $1.00 per share, in line with our policy of paying out 40% of underlying earnings. Anglo American will, by May 2021, have returned $6.1 billion to shareholders since mid-2017. On a relative basis, our strong TSR for 2020 of 16.2% significantly outperformed the FTSE 100 index which saw a negative return of (11.4)%.

Operating performance

We continue to deliver material business improvements, building upon the stable platform provided by our Operating Model — raising efficiency and productivity — our invigorated marketing approach, and through the deployment of FutureSmart Mining™.

We have increased our mining EBITDA margin from 30% in 2012 to 43%, despite a lower commodity price basket, and we are heading towards our longer term target of 45-50% through our balanced investments in business improvement, technology and quality growth. Since 2013, we have delivered and embedded substantial underlying improvement and we are on track to deliver our targeted $3-4 billion annual run-rate of improvement over the five-year period to 2022. Combined with growth project delivery, we are also benefiting from a suite of technologies and digital approaches, integrated with our Sustainable Mining Plan, that are providing the step-changes to how we mine, process and market our products, while also minimising our environmental footprint.

Strategy: Portfolio

Our diversified portfolio provides us with a well sequenced range of high-return growth options. During the year, we have continued to shape our portfolio around products that support a low carbon economy and consumer demand – from everyday essentials to luxury.

We are still on track to deliver first copper production from the new Quellaveco mine in Peru during 2022. Our addition of the Woodsmith crop nutrients project in the UK, as we progress towards exiting our remaining thermal coal operations in South Africa, exemplifies our approach towards upgrading the overall quality and long term resilience of the business.

Our commitment to the responsible production of premium quality metals and minerals tailored to customers' requirements is well aligned with the rapidly evolving needs of a consumer-driven world and its growing population. And the transition to a greener, decarbonised world is focusing efforts to deliver the full promise of renewable energy and zero emission transport – again supported by our suite of base and precious metals and our pioneering work to help realise the potential of hydrogen for transport and integrated clean energy systems.

Strategy: Innovation

In tune with our Purpose, we have set out a very different future for mining. Broad innovative thinking, enabling technologies, and collaborative partnerships are coming together to shape an industry that is safer, more sustainable and efficient, and

"Anglo American has set itself apart – offering a high quality, differentiated investment proposition of growth in a mix of responsibly produced premium products that are fundamental to enabling a low carbon economy and supporting global consumer demand."

Mark Cutifani
Chief Executive

harmonised with the expectations of society, including our commitment to the ethical supply of metals and minerals that billions of consumers rely on in their everyday lives.

Our technology and Sustainable Mining Plan work is intrinsically connected under FutureSmart Mining™ – with three Global Sustainability Pillars of *Healthy Environment*, *Thriving Communities* and *Trusted Corporate Leader* structured to drive environmental, social and governance leadership.

In 2020, having met our GHG reduction target a year early, we committed to carbon neutrality across our operations by 2040. FutureSmart Mining™ is key to achieving this milestone. We are applying technologies that more precisely target the desired metals or minerals, requiring less water, energy and capital intensity, and producing less waste in the process. In parallel, we are digitising at pace, transforming data into predictive intelligence, leading towards safer, systemised and self-learning operations.

The tools and processes we have today will not take us all the way to carbon neutrality – which is why new energy technologies, including hydrogen, will play a crucial role. In a first for our industry, we will trial a hydrogen fuel cell haul truck at our Mogalakwena PGMs mine in South Africa later this year, proving up a technology that can drastically reduce diesel emissions from mines all over the world.

Although many of our Scope 1 and 2 environmental targets rely on the technologies we are deploying, we are also evaluating partnerships with our customers, particularly in the steelmaking industry, to help address our Scope 3 emissions, identifying shared ambitions to reduce emissions by making best use of our respective capabilities.

Partnerships built on trust are key to so many aspects of our industry. Our work with development experts to help create diversified and sustainable economic activity – such as the Impact Catalyst initiative in Limpopo Province in South Africa – is a tangible example of our approach in action.

Strategy: People

We say 'people are the business'. Our people are a major differentiator of our business and they are the engine behind everything we do. We strive to create safe, inclusive and diverse working environments that encourage high performance and innovative thinking. Engaging with our people and building a team-based culture is a priority for every leader, making sure that every person has what they need to give their very best and feel safe and supported. In addition to traditional surveys to identify areas where, for example, we need to do more to ensure that colleagues feel cared for and respected, we have now deployed an app for all employees, which will be invaluable for both outbound communication and inbound feedback.

As part of our efforts to both listen to employees and for their insights to be heard and considered by the Board, our Global Workforce Advisory Panel met remotely twice during 2020. The panel is made up of employee representatives from across our business, is chaired by our senior independent director, Byron Grote, and has provided invaluable perspectives to the Board's deliberations on culture and the effectiveness of the management team in building an engaging workplace and motivated workforce.

It is our people who are responsible for delivering our performance, who engage with our stakeholders across the board, and who are unlocking our full potential. I thank them all.

Mining with purpose

Reflecting on Anglo American today, I see a continuously improving business, building resilience and delivering competitive results, and well positioned to meet the high expectations of our full breadth of business and societal stakeholders.

This is also a purposeful business, with strong values. Looking ahead, we all have a responsibility to work together to help rebuild economies and protect our natural world. To those ends, many of the products of mining play an ever more essential role in improving people's lives, integral to which is making our planet a healthier place. Mining has a safer, smarter future, supporting modern life, and doing so sustainably. That is the future we are all working towards.

M. Cutifani

Mark Cutifani
Chief Executive

See page 96 for footnotes.

Purpose to Value

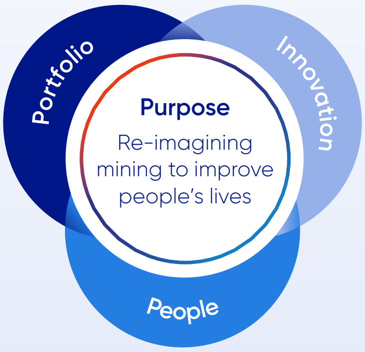
Guided by our Purpose – *re-imagining mining to improve people's lives* – our strategy is to secure, develop and operate a portfolio of high quality, long life resource assets. We then apply innovative practices and technologies in the hands of our world class people to deliver sustainable value for all our stakeholders.

Our Values

Anglo American's Values and behaviours are at the heart of everything we do. Guided by our Purpose and our Values, we enable high performance and purposeful action. Our Values and the way in which we, as individuals, are expected to behave are the foundation of our Code of Conduct.

Safety | Care and Respect | Integrity | Accountability | Collaboration | Innovation

Our strategy



The quality and long life of our mineral assets are the foundations of our global business.

We actively manage our asset portfolio to improve its overall competitive position, providing products that increasingly support a fast-growing population and a cleaner, greener, more sustainable world.

For more on Portfolio
See pages 20-27

Across every aspect of our business, we are thinking innovatively about how we work to ensure the safety of our people, enhance our sustainability performance, and deliver industry-leading margins and returns. We are developing a replicable model of differentiated practices and capabilities that is designed to deliver superior value to all our stakeholders from assets that are in our hands.

For more on Innovation
See pages 28-41

Our people are critical to all that we do: we create working environments and an inclusive and diverse culture that encourages and supports high performance and innovative thinking. The partnerships we build, both within Anglo American and with our stakeholders – locally and globally – are central to maintaining our regulatory and social licences to operate and our sustained commercial success.

For more on People
See pages 42-49

Capital allocation

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation.

For more on Capital allocation
See pages 50-51

Measuring delivery of our strategy

We track our strategic progress holistically – spanning non-financial and financial performance – and throughout the year using KPIs that are based on our seven pillars of value:

Safety and health
To do no harm to our workforce

Production
To sustainably produce valuable product

Environment
To minimise our impact on the environment

Cost
To be competitive by operating as efficiently as possible

Socio-political
To partner in the benefits of mining with local communities and government

Financial
To deliver sustainable returns to our shareholders

People
To create a sustainable competitive advantage through capable people and an effective, purpose-led, high performance culture

For our KPIs
See pages 58-59

Delivering sustainable value for all our stakeholders

For more on stakeholder engagement, see page 13

Balanced reward

Anglo American's directors' remuneration policy is designed to encourage delivery of the Group's strategy and creation of stakeholder value in a responsible and sustainable manner, aligned to our Purpose.

The main elements of the remuneration package are basic salary, annual bonus and Long Term Incentive Plan (LTIP).

For more on remuneration, see pages 123-147

Delivering sustainable value for all our stakeholders

Anglo American is re-imagining mining to improve people's lives.

Mining has a smarter future. Using more precise technologies, less energy and less water, we are reducing our environmental footprint for every ounce, carat and kilogram of precious metal or mineral.

We are combining smart innovation with the utmost consideration for our people, their families, local communities, our customers, and the world at large – to better connect precious resources in the ground to all of us who need and value them.

And we are working together to develop better jobs, better education and better businesses, building brighter and healthier futures around our operations in our host countries and ultimately for billions of people around the world who depend on our products every day.

FutureSmart Mining™

One of the ways we are bringing our Purpose to life is through FutureSmart Mining™, our innovation-led approach to sustainable mining. Technologies and digitalisation will fundamentally change how we mine, process, move and market our products.

Integral to FutureSmart Mining™, our Sustainable Mining Plan is designed to tackle the most pressing environmental, social and governance challenges. It comprises mutually reinforcing elements that are positively transforming how our stakeholders experience our business, both locally and globally, and ultimately leave a much-reduced physical footprint.

Employees

Our people are critical to all that we do. And always front of mind is the safety of our employees and contractors; we train, equip and empower our people to work safely every day. We believe, too, that creating an inclusive and diverse working environment and culture that encourages and supports high performance and innovative thinking gives our business a competitive advantage.

As part of our overall strategy of managing the Covid-19 pandemic, we have implemented an extensive health awareness and support programme called WeCare. It has been designed specifically to protect the health and well-being of our more than 95,000 employees and contractors.

Suppliers

Our approach to responsible sourcing defines the minimum sustainability requirements and decent work principles required by the 18,000+ suppliers to Anglo American. Our vision is to create a more inclusive supply chain as we seek to generate more equitably shared and sustainable prosperity in the communities around our operations.

$10.0 billion
spent with local suppliers in 2020

87%
of total supplier spend of $11.5 billion

Host countries

Anglo American contributes to economies and society both directly and indirectly, through the taxes and royalties we pay, the jobs we create, the local workforces we upskill, the local business opportunities we generate, and the education and community health initiatives we support.

$2.8 billion
Total taxes borne

$3.4 billion
Total wages and benefits paid

Communities

We are committed to delivering a lasting, positive contribution to our host communities, beyond the life of our mines. This starts with understanding and responding to their needs and priorities. We manage the relationship with our host communities through our recently updated social performance system, the Social Way 3.0.

Global CSI expenditure by region

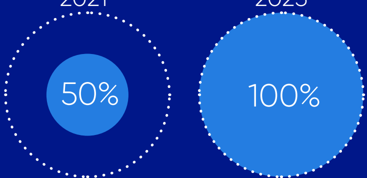
	$m	
Africa	65.5	52%
Americas	51.8	41%
United Kingdom	3.5	3%
Australia	2.4	2%
Rest of World	2.0	2%
Total	**125.3**	

$125 million
Total Corporate Social Investment (CSI)

Customers

We work closely with our customers who are increasingly interested in sourcing responsible materials. We are targeting all of our mining operations to be audited against recognised responsible mining certification systems by 2025 and expect half of these to be completed by 2021.

2021 2025



of our mining operations to be audited by responsible mining certification systems

Investors

Underpinning our strategy, we have a value-focused approach to capital allocation; sustaining capital to maintain asset integrity; payment of a dividend, based on a 40% underlying earnings-based payout ratio; while ensuring a strong balance sheet.

$1.2 billion
Total dividends paid and proposed

4.2%
Dividend yield

16.2%
TSR Performance

Natural environment

We apply ecosystem-thinking to address the interconnectivity of nature, our environment and the ecosystems in which we operate to deliver positive environmental outcomes and address global challenges such as climate change. Some of the targets we have set include:

- Pathway to carbon neutrality with all operations expected to be carbon neutral (Scope 1 and 2 emissions) by 2040
- Net-positive biodiversity and conservation outcomes
- Reducing freshwater withdrawals by 50% by 2030.

Our Business Model

Our inputs

How we create shared value

Anglo American draws upon a number of key inputs that, through targeted allocation, development, extraction and marketing, create sustainable value for our full range of stakeholders.

For our KPIs
See pages 58-59

Ore Reserves and Mineral Resources: We have high quality and long life mineral assets across our businesses and across a wide geographic footprint, providing a suite of organic options for delivering value over the long term. Our Discovery teams work to discover mineral deposits in a safe and responsible way to replenish the resources that underpin our future success.

Know-how: We link our industry-leading technical and market knowledge across the Group to realise even greater value from our resource base and optimise mine production plans to ensure we provide products reliably to our customers around the world, meeting their specific technical and logistical requirements.

Relationships with stakeholders: Open and honest engagement with our stakeholders is critical in gaining and maintaining our social and regulatory licences to operate. Working within our social performance framework, it is our goal to build and sustain constructive relationships with our host communities and countries that are based on mutual respect, transparency and trust.

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

Plant and equipment: Our procurement and technical teams form strong relationships with major suppliers to deliver tailored equipment and other solutions to enable best-in-class operating performance and cost-effectiveness. We implement inclusive procurement policies that support suppliers based in the host communities close to our operations – making a significant socio-economic contribution, as well as lowering logistics costs.

Financial: Our strong focus on productivity, cost discipline and working capital management helps to drive sustainable cash flows. Our financial resources are allocated to where they can deliver optimal financial returns.

Materiality and risk

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

For our material matters
See pages 14-15

For our principal risks
See pages 54-57

Governance

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

For our Governance Report
See pages 98-148

Our value chain

We will invest in those points in the value chain that provide us with the best return on our investment, while striving to meet the highest environmental, social and governance standards. Sustainable financial value can only be created by protecting the value of our natural and human resources.

Discover: Our exploration geologists search for and discover new sources of the metals and minerals that make our modern lives possible. We benefit from developing and using world class expertise and leading technologies, often that we have developed ourselves, to find deposits we can develop and mine in a safe and sustainable way.

Plan and build: Before we put a spade in the ground, our geologists and engineers work together using virtual mine planning systems to design the most effective, cost-efficient and environmentally sound construction and operational mine plans.

Mine: In extracting the products that we all need in our daily lives, we draw on more than 100 years of mining experience. Safety comes first: our whole way of working is focused on zero harm. We plan for the lifecycle of the mine and beyond, and use our own technologies for reducing waste and protecting the natural environment.

Process: By processing, converting and refining our raw materials, we produce what our customers need. Our processing technologies also enable us to reduce waste, save water, increase efficiency, drive innovation and, by adding value to our products, support economic growth in the areas around where we mine.

Move and market: After processing, we then transport our metals and minerals to where they are needed, to our customers. We use the latest technologies to co-ordinate and optimise our global shipping needs. And we use our scale and detailed knowledge of the markets for our products to offer our customers a stable supply to their exact specifications – adding value for them every step of the way and, ultimately, for the billions of consumers who rely on our products every day.

End of life plan: We don't only plan for the lifecycle of the mine – we also take great care to look beyond and determine the rehabilitation of the site and the ongoing real benefits for local communities, long after the mine is closed.

Our Values

Safety · Care and Respect · Integrity · Accountability · Collaboration · Innovation

Outputs

Our direct commercial outputs are many of the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast-growing, consumer-driven demands of developed and maturing economies: diamonds, copper, platinum group metals, the steelmaking ingredients of iron ore and metallurgical coal, and nickel – with crop nutrients in development and thermal coal operations planned for divestment.

Mining and processing activities result in the unavoidable disturbance of land, generation of mineral residue, use of fresh water and energy, as well as atmospheric emissions and water discharges. We strive to minimise our footprint through our innovative technologies that are designed to support our approach to sustainable mining.

Revenue
$30.9 bn

Attributable free cash flow
$1.2 bn

CO_2 equivalent emissions
16.1 Mt

Group attributable ROCE
17%

Total water withdrawals
209 Mm^3

Production in 2020
- Diamonds: 25.1 Mct
- Copper: 647 kt
- PGMs 5E+Au: 3,809 koz
- Iron ore: 61.1 Mt
- Metallurgical coal: 16.8 Mt
- Nickel (from Nickel and PGMs): 57.3 kt
- Manganese ore and alloy: 3.6 Mt
- Thermal coal - export: 20.6 Mt


Inspecting a De Beers diamond prior to cutting.


Examining a drill core at our Sakatti project in Finland.

Outcomes

As we strive to deliver attractive and sustainable returns, we are also focused on the many forms of value creation we can offer to our diverse range of stakeholders. Through our business activities – employing people, paying taxes to governments and procuring from host communities – we make a significant and positive contribution to the countries where we operate. We work alongside our customers to understand their specific needs and reliably deliver the responsibly mined products they require.

Beyond our direct mining activities, we create and sustain jobs, build infrastructure, support education and help improve healthcare for employees and local communities.

Why? Anglo American is a responsible global business and our employees want and expect us to play our part and do the right thing. This approach is central to maintaining our social licence to operate and being a truly sustainable business.

Investors
$1.2 bn
Dividends paid and proposed

Host countries
$2.8 bn
Taxes borne

Employees
$3.4 bn
Wages and benefits paid

Suppliers
$10.0 bn
Local procurement expenditure

Local communities
137,777
Jobs created and maintained through enterprise development programmes since 2008


Moranbah North trainee underground miner Lil Shanley.


In rural South Africa, crops thrive after we installed a borehole.

How we measure the value we create

Safety and health | Environment | Socio-political | People | Production | Cost | Financial

For our pillars of value
See page 8

Anglo American's Values and behaviours are at the heart of everything we do. Guided by our Purpose and our Values, we enable high performance and purposeful action.

Our Values and the way in which we, as individuals, are expected to behave are the foundation of our Code of Conduct.

How we make decisions

In line with best-practice corporate reporting, Anglo American's Integrated Annual Report includes a comprehensive assessment of the principal risks facing the business, as well as those matters that we and our stakeholders believe have a material bearing on the success of the business in the near and long term – beginning with safety and environmental sustainability.

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

Insightful and considered strategic decision-making

Insights

Stakeholder engagement and topics raised

See page 13

Material matters

See pages 14-15

Global trends

See pages 16-17

Principal risks

See pages 54-57

Board review

- Chief executive and senior management team formulate the Group's long term strategy.
- In addition to regular discussion on strategic topics, the Board dedicates a full meeting to a discussion of the Group's strategy, addressing critical short, medium and long term issues.
- Board approves critical strategic decisions and endorses the Group's strategy.
- Board reviews progress of delivery of Group's strategic goals, as well as periodic business unit strategic reviews.

For more on Board activity
See pages 110-111

Strategy

To secure, develop and operate a portfolio of high quality and long life mineral assets, from which we will deliver leading shareholder returns. We achieve this through innovative practices and technologies – in the hands of our world class people – towards our common Purpose.

For more on our strategy
See page 08

Capital allocation

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation: sustaining capital to maintain asset integrity; payment of base dividends, and then the allocation of discretionary capital to either growth investments, upgrades to our portfolio, or additional returns to shareholders.

For more information on our capital allocation approach
See pages 50-51

Determining what is important

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

At the heart of decision-making

Consideration of the wide spectrum of stakeholder and environmental interests is firmly embedded into Anglo American's culture, governance structures and management systems and is guided by our Purpose. Stakeholder concerns and considerations therefore feature prominently in the discussions of our Board meetings and those of its committees.

The Board, through its role in setting the tone from the top, provides leadership to the Group and is responsible for promoting and safeguarding the long term success of the business, supporting the executive management team in its formulation and implementation of the Group's strategy.

The duties of directors with regards to ensuring there is effective dialogue between the Group and its shareholders and stakeholders are broadening in scope, while society's expectations of company boards also continue to grow. At Anglo American, those matters considered by the Board and our stakeholders to be of material importance, and the views of our stakeholders in relation to those matters, are integral to the Board's discussions and decision-making, including in relation to the Group's strategy and its evolution.

Understanding our stakeholders

Healthy stakeholder relationships help us to better communicate how our business decisions, activities and performance are likely to affect or be of significant interest to our stakeholders, and provide the opportunity to co-create effective and lasting solutions to business and other challenges.

Anglo American's stakeholders include our host communities, governments, employees, customers, business partners, multinational organisations, industry peers, broader civil society, trade associations and suppliers, in addition to our shareholders who own the business. In some instances, we work with representatives from multi-stakeholder initiatives to provide a more collaborative and holistic view on the issues facing our industry.

Stakeholder	How we engage	What was important in the year
Investors	The Group, through its investor relations team, has an active engagement programme with its key financial audiences, including institutional shareholders. Any significant concerns raised by a shareholder are communicated to the Board. The Board receives a briefing at each meeting from the investor relations department. The chairman also hosts meetings with some of the company's largest institutional investors through the year.	– The Group's response to Covid-19 – Climate change strategy and targets, including carbon neutrality – Progress towards our exit from thermal coal – The acquisition of Sirius Minerals Plc – Cultural heritage – Tailings management, including a global industry standard
Employees and unions	The Group undertakes global employee engagement surveys, the results of which are communicated to executive management and the Board. The Group's Global Workforce Advisory Panel, made up of 12 employee representatives and chaired by our senior independent director, Byron Grote, meets during the year to discuss a range of topics. Feedback from the meetings is shared with the Board and the Group Management Committee. Every business unit has formal points of contact for union engagement and material matters are routinely reported to various boards.	– Support for coping with challenges of Covid-19, including controls and protective measures – Mental health and well-being – Changed working conditions related to Covid-19 and effective virtual working – Reinforcing critical controls for working safely – Proposed changes to our operations, working conditions or practices
Communities	The Sustainability Committee receives a report on social performance and community issues at each meeting. The Board is also updated on specific community engagement via presentations from business unit leaders. The Board visits operations, with such visits often including engagement with local community representatives. We also have a Groupwide procedure for reporting social incidents and grievances and all Level 3-5 social incidents are reported to, and discussed by, the Board.	– Response to Covid-19 – Collaborative Regional Development – Socio-economic development – Community health – Livelihoods and job creation – Community education – Land access and resettlement – Community engagement forums – Social incidents
Suppliers and contractors	The Group engages with suppliers through several channels, including supplier events; local and host community procurement and small business development initiatives; and our sustainable and responsible supplier programme. Material matters are reported to the Board through the chief executive's reports. Material supply contracts are approved by the Board. Reports to the Board from the technical director and business unit leaders contain updates on contractor management.	– Covid-19 supply risk mitigation measures – Increasing procurement opportunities for host community suppliers – Protecting the safety, health, well-being, human rights and dignity of employees of contracting companies and suppliers
Civil society (NGOs, faith groups and academia)	The Group's engagement includes one-on-one interactions (including with the chief executive); various multi-stakeholder initiatives and partnerships; and open and ongoing dialogue on tax transparency. The Group hosts SDG accountability dialogues which bring together a cross-section of stakeholders (including NGOs) around our performance related to SDGs. Any key concerns or trends from these engagements are reported to relevant executive and/or Board structures. Anglo American participates in the global Mining and Faith Reflections Initiative and the South African multi-faith 'courageous conversations' initiative.	– Climate change and mitigating the environmental impacts of mining – Responsible governance and respect for human rights – The role of mining companies in addressing the impacts of Covid-19 – Investing in social and community development – Inequality – Gender-based violence – Mining and the future of work – The circular economy – International and industry tax reforms, transparency, and sustainability
Customers	Our Marketing teams engage with customers through direct personal engagements and via business and industry forums. The CEO of Marketing provides an annual update to the Board on the Group's Marketing strategy and activities, including customer engagement. The Board also receives a regular update on commodity markets from the Marketing team.	– Delivery of product on agreed terms – Evidence of environmentally and socially responsible performance and risk management – Participation in responsible mining certification systems, such as IRMA
Governments and multilateral institutions	Group engagement includes: face-to-face meetings with local and national government representatives; dialogue and ongoing advocacy work – both directly and through industry bodies; and participation in inter-governmental and multilateral processes. The Board receives a report on key geopolitical developments in the Group's operating jurisdictions at each meeting, as well as updates from the chief executive on government engagement.	– Compliance with mining licence and related requirements – Contribution to national and international developmental priorities – Taxation policy, including national and international tax reforms relating to digitalisation, transparency, and the environment – Wider sustainability and development agenda, including climate change – The role of mining companies in addressing the impacts of Covid-19 – Permitting of new technology in areas of influence
Industry associations	The Group participates in more than 130 industry associations worldwide. The Group's participation is directed by our International and Government Relations Policy. The chief executive reports any matters of significance to the Board.	– Contributing constructively in business initiatives, with the aim of enhancing the collective business interest – Contributing to shared responses to challenges faced by governments and societies in host jurisdictions – General knowledge sharing on our approach to managing material issues

Our material matters

Determining what is important

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

Our process for determining those matters involves consultation, analysis and approval. The consultation process in 2020 included an integrated materiality analysis that took place in tandem with the comprehensive sustainability materiality process that is carried out every three years. The process was led by a third party and incorporated in-depth interviews with a range of internal and external stakeholders, in addition to extensive desktop research. Following the stakeholder interviews, a third-party-led validation workshop took place where subject matter experts from across the Group were asked to validate and prioritise the matters identified as most material to Anglo American. The final list was then approved by the Group's leadership and the Board.

Desktop review

Long list of potential material topics validated with internal subject matter experts

Prioritised internal stakeholder selection

- Market areas
- Geographic zones
- Internal business functions
- Senior leaders

External stakeholder selection

- Customers
- Partners
- Employees
- Local community representatives
- Suppliers
- NGOs
- Government and policymakers
- Development banks and advocacy organisations
- Investors

Interviews with internal and external stakeholders to prioritise list of material matters

Validation workshop with senior leadership to finalise the prioritised list of material matters

Material matters reviewed and approved by executive management

Material matters reviewed and approved by Board

Material matters in 2020

The matters identified through our materiality process were naturally numerous and wide-ranging. In order for us to report against these material matters effectively and demonstrate how they affect the delivery of our strategy, we have set them out under the headings listed in the table opposite. The global pandemic that emerged in early 2020 featured throughout the stakeholder discussions and the desktop research, and we have therefore not sought to categorise it in the table, but instead recognise its impact across many aspects of our business throughout this report.

Further analysis of our materiality process can be found on the Anglo American plc website
www.angloamerican.com/sustainability/approach-and-policies

Each material matter covers a number of topics and issues, and some also intersect with specific principal risks facing the Group, as identified in the Group Risk Register. Principal risks are those risks, or combination of risks, that would threaten the business model, future performance, solvency or liquidity of Anglo American and are shown with the following symbol (‡). An analysis of the Group's principal risks, including mitigation strategies, can be found on pages 54–57 of this report. All topics shown in the table opposite are considered important by our stakeholders and by the Group, with those topics considered of the highest importance and most material highlighted in bold.

Matters identified as material to our stakeholders and our business

Material matters	Description	Topics included	Areas of impact
Adopting a zero mindset	Protecting the safety and health of employees, contractors, local communities and other stakeholders is a fundamental responsibility for all mining companies. A safe and healthy workforce translates into an engaged, motivated and productive one that mitigates operational stoppages, and reduces potential legal liabilities. We recognise that the end of a mine's operational life is far from being the end of its social and environmental impact and we work to ensure we close mines in a way that leaves a positive, healthy and sustainable legacy. The monitoring and management of tailings storage facilities (TSFs) and of water consumption and discharge are not only a major factor in legal compliance and permitting, but also play a significant role in improving the balance of value from mining for our local stakeholders.	**Occupational safety and health‡**; responsible mine closure and divestment; and **mineral residue management (tailings)‡**	Strategic elements 1 2 3 Pillars of value
Tackling climate change	Climate change has become the great defining issue of our time, and understanding its effects on our business and how they may impact our value chain is vital if we are to optimise the opportunities associated with the transition to a low carbon future.	**GHG emissions‡; energy‡; and the impact of climate change on Anglo American‡**	Strategic elements 1 2 Pillars of value
Protecting our natural environment	We are stewards of the land and ecosystems around our operations. Our vision is a healthy environment, where not only do we minimise impact, but we deliver positive and lasting environmental outcomes – in biodiversity, for example.	Circular economy; biodiversity; **water‡**; waste management; and air quality	Strategic elements 2 Pillars of value
Playing our role in society	Local communities and host governments rightly expect mining to bring significant economic benefits, and our goal is to leave host communities and governments better off than when we arrived. Anglo American aims to create thriving communities by acting as a catalyst for enduring economic prosperity through employment, and by creating a more inclusive supply chain that generates shared sustainable prosperity in the communities around our operations, and a collaborative approach to regional development to drive sustained economic diversification. Acting in an ethical, responsible and transparent manner is fundamental to Anglo American realising the significant business benefits gained from building trust as a corporate leader through constructive relationships with all our business stakeholders, and to maintaining our socio-political licence to operate.	**Social performance** (including community relations, socio-economic development and cultural heritage); ethical value chain; responsible and inclusive supply chain; total economic contribution (including tax); **business conduct and ethics‡**; and human rights	Strategic elements 1 2 3 Pillars of value
Helping our people thrive	To deliver on our strategic business objectives, we rely on a capable and engaged workforce that behaves ethically and responsibly, consistent with Anglo American's Values and Code of Conduct – essential for us to maintain our social licence to operate. We aim to foster a purpose-led high performance, inclusive culture, through an organisational structure that is fit for purpose, resourcing this structure by attracting and retaining the best talent and empowering leadership to deliver the desired outcomes.	Future of work; inclusion and diversity; talent attraction and retention; learning and development	Strategic elements 3 Pillars of value
Driving business performance	The mining sector continues to face operating cost inflation, including labour costs, energy costs and the natural effect of ore grade degradation. In order to deliver our disciplined growth strategy and to maintain and improve our competitive position, Anglo American must continue to deliver on its financial improvement targets, successfully deploying technologies and other innovations to mine ever more safely and productively, and minimise the number of unplanned operational stoppages that affect production and unit costs. Effective corporate governance is also key to sustained business performance, with the appropriate processes and systems in place to ensure clear and consistent application, and succession planning to ensure effective leadership continuity.	**Operational and cost performance‡**; capital allocation; **innovation and technology**; data security and privacy‡; corporate governance	Strategic elements 2 3 Pillars of value
Adapting to the world around us	Economic volatility in the countries that are major consumers of the Group's products could have a negative impact on demand for those products. Demand may also be negatively affected by product substitution and/or fundamental shifts in market forces and consumer sentiment. Anglo American operates, or is otherwise active, in several countries that have experienced political instability and where the regulatory environment for the mining industry is uncertain.	Geopolitical context‡; societal expectations‡; transparency (e.g. tax, supply chain); policy advocacy; macro-economic environment‡	Strategic elements 1 2 Pillars of value

Pillars of value

- Safety and health
- Environment
- Socio-political
- People
- Production
- Cost
- Financial

For our pillars of value
See page 8

Strategic elements

1. Portfolio
2. Innovation
3. People

For our strategic elements
See pages 20-49

Looking at global trends

A number of global trends influence the mining industry and our business decisions.

We understand those trends, and our strategy positions us well to navigate them. Our high quality portfolio of assets, relentless approach to innovation, and talented people – combined with our business decisions aligned to our Purpose – set us up to take advantage of commercial and other opportunities, thereby unlocking our full potential for sustainable value creation.

1. Moving towards a cleaner world

What is it?
Given concerns over the effects of climate change and air quality, many countries are working to curb greenhouse gases and other harmful emissions.

The global response includes a transition towards lower emissions from transport and energy generation, two of the largest carbon-emitting sectors. Additionally, many countries are tightening air quality standards for other harmful emissions.

What does it mean for our industry?
An accelerating trend towards the adoption of renewable energy generation. This will likely generate additional demand for copper and the steelmaking ingredients of iron ore and metallurgical coal to build such generation and transmission infrastructure.

In transport, there is an ongoing shift towards the use of electric vehicles (EVs). Batteries and fuel cells are the likely powertrains for EVs and both have the potential to create additional demand for a range of metals, including PGMs, copper, nickel and manganese.

In parallel, tightening air quality standards for internal combustion engine (ICE) vehicles require more PGMs in catalytic converters to remove noxious gases.

Delivering value through our strategy
We mine many of the metals and minerals that are essential to enabling the transition to a cleaner, greener, more sustainable world. In addition to the use of PGMs in ICE vehicles and hydrogen fuel cells, copper is used in EVs and renewable energy generation, and nickel in EV batteries.

In South America in particular, we are investing in renewable energy facilities and committing to source more of our energy from renewables, helping to lower our emissions. We are also developing a hydrogen powered fuel cell haul truck fleet at our Mogalakwena PGMs mine in South Africa.

We work closely with our customers to provide the niche steelmaking products they require to achieve their environmental goals, including lump and high quality iron ore from Kumba; low impurity iron ore pellet feed from Minas-Rio; and high quality hard coking coal from our metallurgical coal mines in Australia.

Several of the technologies we are implementing through our FutureSmart Mining™ programme play a part in helping us achieve carbon neutrality across our operations by 2040, as well as our nearer term GHG emissions reduction target of 30% by 2030.

For more on our Portfolio
See pages 20-27

For more on Innovation
See pages 28-41

2. Emerging wealth – changing demographics

What is it?
A number of developing countries, particularly China, have experienced a period of rapid urbanisation and industrialisation over the past two decades, resulting in an unprecedented number of households entering the wealthier middle class.

Several countries and regions are expected to experience greater economic maturity in the decades ahead, particularly India, south east Asia and South America, as well as Africa.

What does it mean for our industry?
As economies develop, so the need for greater infrastructure (e.g. housing and transport) grows, resulting in increased demand for steel and many base metals. Likewise, as disposable incomes increase, so the demand for metals that are used in consumer goods (e.g. copper, nickel and manganese) will increase.

And as purchasing power increases, so too does the appetite for luxury goods and services. Demand for consumer-facing luxury products, such as those that use diamonds and PGMs, is expected to increase.

Delivering value through our strategy
Anglo American has a diversified product portfolio, increasingly tilted towards products that enable economic development and serve the needs of the expanding global consumer class.

We have exposure to some of the largest resource bases in both PGMs and diamonds. We also have world class copper resources in Los Bronces and Collahuasi, as well as the Quellaveco copper project in Peru. We have exposure to nickel through Barro Alto and Codemin, and as a by-product of our PGMs mines. And our premium quality iron ore and metallurgical coal resources are well placed to support demand for cleaner steelmaking.

Our innovative market development and investment programmes aim to stimulate demand for our products, including, in particular, PGMs.

For more on our Portfolio
See pages 20-27

For more on Innovation
See pages 28-41

3. Evolving societal and regulatory expectations

What are they?
Governments in countries where mining is a material source of national revenue are under pressure to increase their share of the benefits from mining, while not deterring much-needed private sector investment.

Mining companies are also facing greater demands and expectations from diverse stakeholder groups, with often competing interests.

What does it mean for our industry?
There is a greater required responsibility for mining companies to support local communities and regions as part of their social licence to operate.

There is also an increased emphasis on sustainable mining practices in order to minimise the environmental impact of mining on local areas, as well as the wider region.

The uncertain regulatory environment in some countries, along with pressure from those countries to tighten regulatory legislation, can lead to delays in licensing and permitting and higher taxes and royalties, all of which can deter investment in those countries.

Delivering value through our strategy
As a trusted corporate leader, striving to create a healthy environment, and helping to sustain thriving communities, we help alleviate and solve some of these challenges facing the industry.

Our innovation-led pathway to sustainable mining – FutureSmart Mining™ – and within it our Sustainable Mining Plan – is designed to help meet society's expectations about the physical nature of mining, as well as to work with governments to advocate for progressive regulatory frameworks that encourage and support investment in modern mining.

Our Operating Model and P101 programme are designed to put us at the forefront of best-in-class performance – offering insulation from price and other volatility by placing us at the low end of the industry cost curves.

For more on Innovation
See pages 28-41

For more on Capital allocation
See pages 50-51

4. A more challenging physical environment for mining

What is it?
Maintaining long term supply for some metals and minerals is becoming ever more difficult for a number of reasons, including:

- Availability of both water and energy
- Declining ore grades
- Increasing infrastructure costs as mines are built in more remote locations
- The shift to underground mining as easy to access near-surface orebodies become depleted.

What does it mean for our industry?
The factors described above are contributing to increasing resource scarcity. While increasing demand in a time of resource scarcity provides an opportunity, this scarcity also contributes to structural upward cost pressure across the mining industry.

Consequently, mining companies need to reduce costs and improve productivity. Technological innovation and operational improvements are likely to be critical to achieving sustainable cost and productivity improvements and the ability to meet demand over the long term.

Delivering value through our strategy
The technologies we are deploying and our holistic approach to sustainability will begin to address society's rightful expectations about water and energy consumption.

In recent years, Anglo American has upgraded the quality of its portfolio and is now operating a suite of high quality, long life, high margin assets across structurally attractive markets.

FutureSmart Mining™ uses innovative mining methods and technologies to overcome challenges of water, lower grades and energy constraints and reduce capital intensity and operating costs. Mining is also becoming a less hazardous activity as we deploy new technologies to keep our people out of harm's way.

Our Discovery strategy enables us to discover superior-value deposits that have the potential to enhance the production profile and competitive position of the Group over time, and which play a vital part in delivering a sustainable future.

For more on Innovation
See pages 28-41

5. The circular economy

What is it?
On some projections, more than 2 billion consumers could join the global middle class by 2030. One of the great challenges society faces is ensuring sufficient resources to meet their rising demands while maintaining a sustainable environmental footprint.

As a result, there is a growing urgency and opportunity to increase the efficiency and use of resources.

What does it mean for our industry?
The mining industry has the opportunity to play a role in redefining the economy towards a more sustainable path. This includes an industry drive to balance activity between resource extraction and resource management to ensure that appropriate raw materials are available, either through production or recycling.

Delivering value through our strategy
We have long embraced circular economy principles across our business. Many of our technologies are designed specifically to reduce water and energy usage, and waste, and to promote a more efficient uptake of resources at our mine sites.

Our participation across the value chain allows us to apply our innovations in technology and sustainability more widely, for example looking beyond only upstream production to examine other opportunities elsewhere in the value chains in which we participate, including downstream. Our approach to circular economic principles is being augmented by our marketing initiatives which are maximising the value from our mineral resources, for example by customer-specific blending and smart logistics planning.

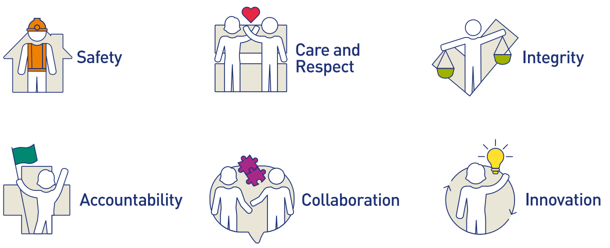
For more on Innovation
See pages 28-41

Reflecting stakeholder views in our Board decision-making

Our Purpose and Values

Anglo American has long understood the role of its business in society. In 2017, we began to formalise that role by validating our underlying Purpose with our employees, while also consulting stakeholders and shareholders, culminating in a Board discussion to encapsulate that Purpose as: *re-imagining mining to improve people's lives*.

Anglo American provides many of the raw materials our modern society needs, combining integrity, creativity and innovation with due consideration for all our stakeholders to better connect precious resources to the people who need and value them. We work together to provide our people with better jobs, a better education and better businesses, and we are building brighter and healthier futures around our operations, in our host countries and ultimately for billions of people around the world who depend on our products every day.



Our Values

Safety; Care and Respect; Integrity; Accountability; Collaboration; and Innovation guide our behaviour and shape our culture, and are fundamental to creating enduring benefit for all our employees, shareholders, and stakeholders in a way that demonstrably improves people's lives.

Understanding our employees

Our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us.

We consider workforce engagement to be a priority for every leader at Anglo American and run regular surveys to identify areas where, for example, we need to do more to ensure that colleagues feel cared for and respected. In 2019, we established a Global Workforce Advisory Panel, with the intention of giving employees more of a voice in the boardroom so their views can be better understood and considered when decisions are being made about the future of the business. In 2020, the panel managed to meet twice, albeit remotely, and the panel chair, our senior independent director, Byron Grote, shared the key messages from those meetings with the Board. The People and Governance sections of this report provide more detail on these engagements and explain the resultant outcomes.

For more information
See page 112

Section 172 statement

The Anglo American plc Board is cognisant of its legal duty to act in good faith and to promote the success of the Group for the benefit of its shareholders and with regard to the interests of a broad range of stakeholders. These include the likely consequences of any decisions we make over different time horizons; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct. New directors appointed to the Board in 2020 received tailored, individual briefings on these duties, and the Board received updates in 2020.

As a major global mining company, the Board understands that our wide range of stakeholders (identified on page 13) is integral to the sustainability of our business, underpinning our licence to operate. In addition, the Board is conscious that expectations around our performance and contribution to society – from local to global – are both diverse and continuously evolving.

By listening to, understanding and engaging with our stakeholders, the Board endeavours to live up to their expectations, by staying true to our Purpose, acting in accordance with our Values, and delivering our strategy.

Stakeholder considerations are integral to the discussions at Board meetings and the decisions we make take into account any potential impacts on them and the environment. Like any business, we are aware that some of the decisions we make may have an adverse impact on certain stakeholders.

In 2018, the Board approved, and is holding management to account for, our Sustainable Mining Plan – a key component of our FutureSmart Mining™ programme. We are committed to a series of ambitious medium and longer term goals that are aligned to the UN's Sustainable Development Goals. These goals are designed to make a comprehensive and lasting contribution that we expect will positively transform how our stakeholders experience our business.

The Board and its committees took a broad range of factors and stakeholder considerations into account when making decisions in the year. Decisions are made within the context of the long term factors that may impact the Group, including key competitive trends and disruptions; technology capability; and climate change considerations. For more detail on Board activity in the year, see pages 110-111. For more on the global trends that influence the mining industry and our business, see pages 16-17, and for more on our approach to climate change, see page 37. A summary of some of the key decisions made by the Board during the year is to be found on page 19.

The Board (through its Sustainability Committee) monitors progress towards our Sustainable Mining Plan targets and how these may affect future decision-making.

Key decisions made in 2020

WeCare: Our holistic response to the pandemic

As it became clear that the world was facing a global health emergency, Anglo American rapidly implemented health and safety measures across our operations to help protect our workforce from the spread of Covid-19. The Board considered the company's strategic response to the Covid-19 crisis, recognising its duty to its shareholders, employees and broader stakeholders to protect the continuity of the business, and ensure the business played its part in supporting economic recovery. The Board's Sustainability Committee considered the Group's WeCare response, created specifically to protect the physical and mental health, well-being and livelihoods of our employees and host communities, in detail at each of the Committee meetings held in the year.

For more information on our WeCare programme
See pages 44-45

For more on the Sustainability Committee
See page 114

Acquisition of Sirius Minerals Plc

In January 2020, the Board approved the acquisition of Sirius Minerals Plc and the Group is making good progress in developing the Woodsmith project in the north east of England. The project will access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing four of the six nutrients that every plant needs to grow. Once Woodsmith is operational, the introduction of polyhalite, with a low carbon footprint and certified for organic use, aligns well with our portfolio trajectory towards those products that enable a low carbon economy and support global consumer demand – in this case, for food. The Board considered the strategic rationale and investment case, valuation and funding considerations, and stakeholder considerations, and believed the acquisition to be in the best interests of all Anglo American's stakeholders.

For more information on the Woodsmith project
See pages 22-23

Our pathway to carbon neutrality

Anglo American's Purpose, *re-imagining mining to improve people's lives*, is at the heart of everything we do. Guided by our Values and our business strategy, we are committed to playing our part in tackling climate change. Why? Because it is the right thing for the long term sustainability of our business, and for society. The Board's Sustainability Committee has been actively involved in reviewing and approving Anglo American's energy efficiency targets, as well as our target to achieve carbon neutrality across our operations by 2040, with eight sites reaching carbon neutrality by 2030. The Board is aware of, and is committed to, the investment in technological innovations and the ongoing improvement of our portfolio that will be required to achieve our demanding carbon neutrality targets.

For more information on our approach to climate change
See page 37

For more information on the structure of our portfolio
See pages 20-27

Payment of the dividend

Our commitment to a sustainable base dividend stands firm as a critical part of Anglo American's overall approach to capital allocation. Our dividend policy is for a 40% payout of underlying earnings, paid each half year. Despite the disruption and volatile macro-economic environment caused by Covid-19, the resilience of our business – built upon the stability of our Operating Model and through the deployment of FutureSmart Mining™, coupled with our strong balance sheet, gave the Board confidence to approve the payment of an interim dividend and recommend a final dividend payment of 72 cents per share in respect of the 2020 financial year.

For more information on our approach to capital allocation
See pages 50-51

Marc Ellemers, project geologist at the Gahcho Kué diamond mine in Canada's Northwest Territories, looks out over the operation's open pit.

Portfolio

The quality and long life of our mineral assets are the foundations of our global business. We actively manage our asset portfolio to improve its overall competitive position, continuing our trajectory towards products that support a fast growing population and enable a cleaner, greener, more sustainable world.

Material matters discussed in this section

- Adapting to the world around us
- Tackling climate change
- Playing our role in society
- Driving business performance

In the north east of England, our Woodsmith project is continuing to develop the world's largest-known deposit of polyhalite ore. The ore will be granulated to produce POLY4, a premium quality organic fertiliser which will be exported to global markets to help meet the world's ever growing demand for food.

Meeting the world's

A fast growing global population requires increasing amounts of food from decreasing available land. More efficient, effective and sustainable farming methods and fertilisers must be found.

Through the acquisition of Sirius Minerals Plc, Anglo American's Crop Nutrients business can play an important role, as well as accelerating the Group's transition towards products that support the world's burgeoning population and a cleaner, greener, more sustainable world – very much aligned with the company's Purpose of *re-imagining mining to improve people's lives*.

The Woodsmith project will produce polyhalite, a naturally occurring mineral containing potassium, sulphur, magnesium and calcium, four of the six key nutrients required for plant growth. It will be sold as POLY4 – a premium quality, low carbon, multi-nutrient fertiliser certified for organic use. POLY4 – which has a 90% lower carbon footprint than traditional fertilisers – can be used as a low-chloride alternative to (and for blending with) traditional fertiliser products and is particularly valuable for high value crops, such as tea, coffee, beans, potatoes, and many fruits and vegetables.

"Over the next 35 years, more food will need to be produced than has been to date in human history."

Professor Tim Benton
University of Leeds

Woodsmith project

Woodsmith offers all the qualities of a Tier 1 mining asset in terms of scale, potential mine life and operating cost profile, as well as product quality. It will mine the world's currently largest-known high grade polyhalite deposit, with reported Ore Reserves of 290 million tonnes at a grade of 88.8% polyhalite and substantial Mineral Resources (see Ore Reserves and Mineral Resources Report 2020 for full details).

Despite the impacts of Covid-19, the planned works for 2020 were delivered safely and on schedule. Our third-generation tunnel boring machines, which can carry out cutting, disposal of broken rock and lining concurrently, are performing particularly strongly, with the planned 37 km tunnel reaching a length of almost 12 km by year end.

Watch our Chief Executive Mark Cutifani discuss more about the project and our ambition for Woodsmith
www.youtube.com/watch?v=JAuyKlpHVRg

£1 million

transferred into Woodsmith's charitable foundation to support local causes across North Yorkshire and Teesside

Designed with nature and our communities in mind

Being located in the North York Moors National Park, mining operations and the mine's infrastructure, including the 37 km tunnel that will transport POLY4 on a belt to the materials handling facility on Teesside, have been designed to cause minimal surface impact.

The Woodsmith project has long been seen as a significant employment generator in a region where job opportunities are typically scarce. Workforce numbers have steadily increased to 1,200.

For more information on how we are safeguarding the environment, see our Sustainability Report
www.angloamerican.com/investors/annual-reporting

And, complementing its role as a major local employer, Anglo American is strengthening its engagement with the project's various stakeholders. We have transferred £1 million into Woodsmith's charitable foundation, which supports many worthy local causes, including education and skills training, community sports clubs and broader local regeneration. We intend to contribute this amount annually for the next three years, ahead of the foundation starting to receive a substantial royalty income when the mine enters production.

POLY4: An efficient and effective fertiliser

POLY4's multi-nutrient properties help farmers to control costs by decreasing fertiliser and farm inputs, while reducing nutrient waste by delivering nutrients over a timeframe that more closely aligns with the needs of a plant.

By improving the availability of a broad spectrum of nutrients for plants, POLY4 promotes yield, quality and nutritional health, and can minimise crop losses through disease resilience.

As a low chloride, multi-nutrient fertiliser, POLY4 avoids toxicity issues commonly associated with the application of high-chloride fertiliser sources. As there are no negative interactions with other fertilisers, POLY4 is a beneficial addition to any fertiliser blend.

Polyhalite is a naturally occurring mineral which results in a low carbon footprint offering farmers an effective, yet responsible, fertiliser solution. POLY4 is organically certified and has no requirement for chemical processing.

To discover more about POLY4 and its benefits, see
www.poly4.com

For more information on the Woodsmith project, see
uk.angloamerican.com/the-woodsmith-project

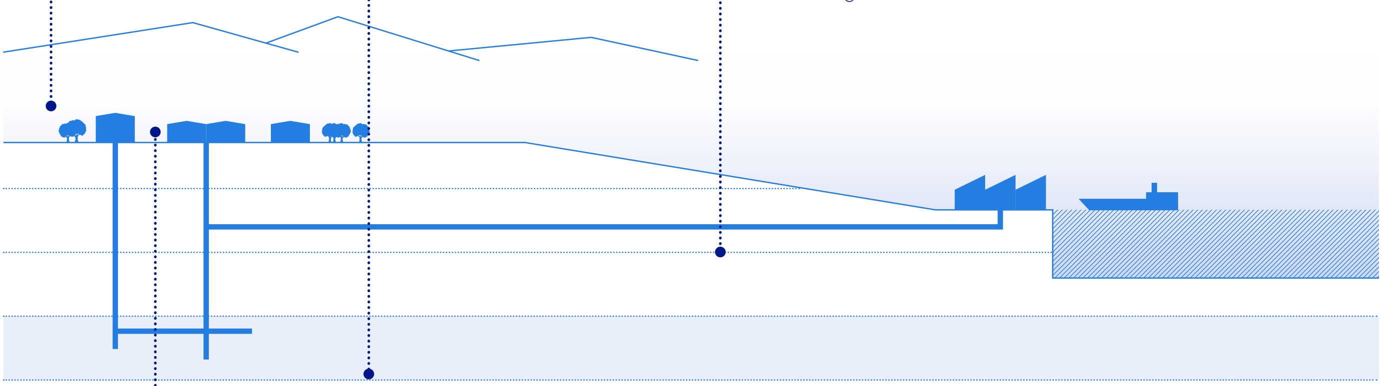
evolving needs

7,000
hectares of woodland to be planted to offset project carbon emissions

290 Mt
Polyhalite Ore Reserves (largest, highest grade Mineral Resources to be found in the world)

37km
mineral transportation tunnel limits landscape disruption

All major mine infrastructure buried underground



27 years
Reserve Life, with potential to extend the mine lifespan

up to 1,000
direct long term jobs for highly skilled employees.

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world class competitive operations, development projects and undeveloped resources provides many of the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast growing consumer-driven demands of developed and maturing economies. We are a responsible producer of diamonds (through De Beers), copper, platinum group metals, the steelmaking ingredients of iron ore and metallurgical coal, and nickel – with crop nutrients in development and thermal coal operations planned for divestment.

The scale and diversity of our portfolio allow us to optimise our financial resources, technical expertise and supplier relationships towards delivery on our potential, and to the benefit of our customers. The portfolio's depth and breadth create a measured risk profile and support strong returns through spreading our investments across diverse asset geographies and end markets.

Building strategic advantage

The primary source of competitive advantage in the mining industry is to own high quality, high margin, long life assets of scale, with positions that can be further enhanced if those assets deliver products into structurally attractive markets.

In assessing our asset portfolio, we consider:

- The stand-alone quality of individual assets, including their relative cost position and growth potential
- Our global competitive position within the individual product groups
- The additional value potential generated through our dedicated marketing expertise.

Our product groups

Diamonds

De Beers has a global leadership position in diamonds, producing around a third of the world's rough diamonds, by value. Within its portfolio, De Beers (Anglo American: 85% interest), in partnership with the Government of the Republic of Botswana, has one of the richest diamond mines in the world at Jwaneng, and one of the largest resources, in terms of total carats, at Orapa.

De Beers' major diamond mining assets have large, long life and scalable resources and we are continuing to invest in the existing operations to extend mining activities. The Cut-9 expansion of Jwaneng will extend the life of the mine by increasing its depth to 800 metres; in Namibia an additional custom-built diamond mining vessel is under construction; and, in South Africa, Venetia is transitioning to an underground operation, extending the life of mine to 2045.

The lack of significant kimberlite discoveries globally over recent years, combined with the ongoing trend of growth in consumer demand for diamond jewellery in both mature and developing markets, points to good prospects for the diamond business. The addition of the Chidliak Diamond Resource in Canada, and the continued investment in diamond mining support technologies, will enhance De Beers' portfolio of high quality and high margin assets and the ability of the business to flex production to prevailing demand.

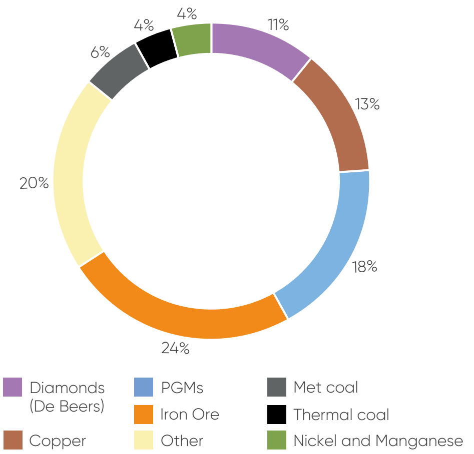
Through its differentiated rough diamond distribution model, which includes Sightholders, De Beers has a range of insights into its customers' demand patterns. The company seeks to stimulate consumer demand for diamonds through its Forevermark™ and De Beers Jewellers brands and through its participation in the Natural Diamond Council.

Copper

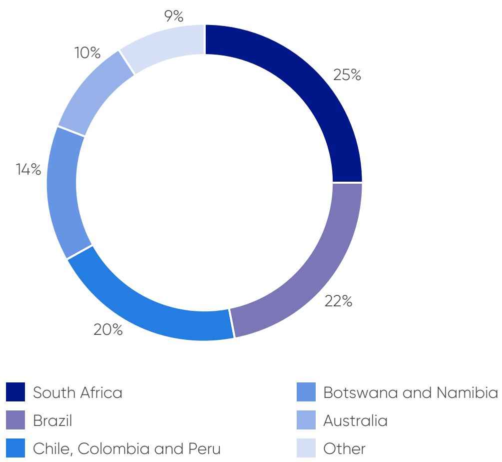
Anglo American has a world class asset position in copper, built around its interests in two of the world's largest copper mines – Los Bronces (a 50.1% owned and managed operation) and Collahuasi (44% interest in the independently managed joint operation), with Reserve Lives of 37 years and 68 years, respectively. The resource base of these assets underpins our future near-asset growth opportunities, in addition to the tier one Quellaveco project we are developing in Peru – one of the world's largest untapped copper orebodies – and the polymetallic Sakatti deposit in Finland.

Asset quality: Differentiated portfolio

Revenue by product[1]



Capital employed by geography[2]



[1] Revenue by product based on business unit. Sales of products purchased from third parties by the Group's Marketing function included within Other.
[2] Attributable basis.

In Brazil, we are partnering with wind-energy specialist Casa Dos Ventos to build the Rio Do Vento wind farm. Our operations in South America are increasingly looking to renewable energy for their future energy requirements.

Copper – enduring value

Mined for millennia, and well-known for its electrical and thermal conductivity, copper (along with steel) is widely regarded as the world's most important industrial metal. It is used in nearly all construction projects, from new buildings to power transmission and all forms of transport, as well as today's array of white goods and electronics.

As the world seeks to decarbonise, copper is coming into its own as one of the biggest beneficiaries of green-focused infrastructure plans in the US, China and Europe, and is playing a growing part in the global energy mix, both in helping reduce emissions and in the push to develop and deploy green, renewable energy.

Copper is key to the global effort in scaling up to meet the Paris Agreement's sub-2°C-increase target. Its 'newer' uses include its deployment in wind turbines, which are highly copper-intensive, with the metal being used in the extensive cabling needed to transfer power, as well as in generators and transformers. In the motor industry, battery electric vehicles contain 3–4 times more copper than conventional internal combustion engine vehicles. Furthermore, the electric grid sector remains a major demand area for the metal, and its copper intensity continues to rise.

The metal is central to Anglo American's growth. Our copper interests in Chile and Peru are in mining jurisdictions that have historically had stable legal and fiscal frameworks, long-established mining sectors, and a skilled workforce. In Peru, we are developing Quellaveco (60% shareholding), which is scheduled to start producing in 2022, and is expected to add an estimated 300,000 tonnes per annum of copper (100% basis) to our current annual output of more than 640,000 tonnes.

As the copper industry faces many challenges, including declining average grades, restrictions on fresh water use, challenges around the industry's environmental footprint and lack of infrastructure, supply will likely struggle to keep pace with global demand for greener and cleaner energy and transport. Anglo American is therefore well placed to benefit from structural tightness in the copper market, given our copper growth profile.

The copper industry is expected to struggle to meet longer term demand growth, including from hybrid and electric vehicles and renewable energy, as declining grades and more challenging physical and environmental conditions, along with tougher licensing and permitting requirements, are expected to limit the industry's ability to deliver new copper supply.

Platinum Group Metals (PGMs)

Our PGMs business (held through an effective 80.8% interest in Anglo American Platinum Limited) is a leading producer of PGMs – platinum, palladium, rhodium, iridium, ruthenium and osmium. It mines, processes and refines the PGM basket of metals from its high quality resource base, located in the biggest known PGM deposit – the Bushveld Complex in South Africa. It also has a significant stake in Unki – one of the world's largest PGM deposits outside of South Africa, on the Great Dyke in Zimbabwe. Our flagship mine, Mogalakwena, is one of the highest margin PGM producers in the industry and, as the only large open pit PGM mine globally, is at the centre of a more flexible, competitive and lower risk business.

We are continuing to reposition the business around a leaner, best-in-class operating footprint at our Mogalakwena, Amandelbult and Mototolo mines in South Africa, and Unki mine in Zimbabwe, alongside our joint operation interests in the Kroondal and Modikwa mines in South Africa.

Demand for PGMs is forecast to remain robust, helped by the ongoing trend towards cleaner-emission vehicles, driven by more stringent global emissions legislation. Strong demand from the automotive industry is likely to be augmented by growing opportunities for emerging new applications, including hybrid and hydrogen fuel cell electric transport, while emerging countries such as India offer the potential of developing, from a relatively low base, into significant platinum jewellery markets.

We are well positioned to proactively stimulate demand for PGMs, including through targeted campaigns in emerging jewellery markets; through direct investment in a number of companies developing new technologies that are expected to drive industrial demand for PGMs; and creating new investment demand for these precious metals as a store of value.

Iron ore

Anglo American's iron ore operations provide customers with high iron content ore, a large percentage of which is direct-charge product for steelmaking blast furnaces. In South Africa, we have a 69.7% shareholding in Kumba Iron Ore, whose Sishen and Kolomela mines produce high grade and high quality lump ore and also a premium fine ore.

In Brazil, we have developed the Minas-Rio operation (100% ownership), consisting of an open pit mine and beneficiation plant, which produces a high grade pellet feed product, with low levels of contaminants. The iron ore is transported through a 529 km pipeline to the iron ore handling and shipping facilities at the port of Açu.

As steel producers in China and elsewhere face ever-tighter emissions legislation and are seeking ways to make their furnaces cleaner and more efficient, so the demand for higher quality iron ore products increases. The lump iron ore produced from Kumba's operations commands a premium price, owing to its excellent physical strength and high iron content (64–65% average Fe content). Minas-Rio's pellet feed product also commands a premium price, as its ultra-low contaminant levels and high iron content (c. 67% Fe content) are sought after by steel producers who are seeking to minimise emissions while boosting productivity.

Coal: metallurgical and thermal

Our coal portfolio is centred around our metallurgical coal assets in Australia, serving the steelmaking industry. Anglo American is continuing its pathway out of thermal coal production, having more than halved our production footprint since 2015, with the planned exit from our remaining thermal coal operations in South Africa. We also plan to exit our one-third shareholding in the independently managed Cerrejón operation in Colombia at the appropriate time.

Metallurgical coal – Australia

We are the world's third largest exporter of metallurgical coal for steelmaking and our operations serve customers throughout Asia, Europe and South America.

Our tier one metallurgical coal assets include the Moranbah North and Grosvenor metallurgical coal mines (both 88% ownership), located in Queensland. The mines are underground longwall operations and produce premium quality hard coking coal. More stringent environmental and safety regulations have led to a requirement for many steel producers to run cleaner, larger and more efficient blast furnaces which, combined with a number of mine closures in recent years, results in increased global structural demand for high quality coking coal, such as that produced by our Australian mines.

Export thermal coal – South Africa

Our remaining South African coal portfolio is concentrated on export markets, having sold the majority of our domestic coal mines in 2015. Our export product is derived from three 100% owned and wholly operated mines – Goedehoop, Greenside and Khwezela; Zibulo (73% owned); and Mafube colliery, a 50:50 joint operation. Our operations route all export coal through the Richards Bay Coal Terminal, in which we hold a 23.2% stake.

Export thermal coal – Colombia

In Colombia, Anglo American, BHP and Glencore each have a one-third shareholding in Cerrejón, one of the country's largest thermal coal exporters.

Nickel and manganese

Nickel

Our Nickel business has the capacity to produce around 45,000 tonnes per year of nickel, whose primary end use is in the global stainless steel industry. Our assets (both 100% owned) are in Brazil, with two ferronickel production sites: Barro Alto and Codemin. Our PGMs business also produces nickel as a by-product, amounting to 13,800 tonnes in 2020.

Manganese

We have a 40% shareholding in Samancor joint venture (managed by South32, which holds 60%), with operations based in South Africa and Australia.

Portfolio update

We continue to refine and upgrade the quality of our asset portfolio to ensure that our capital is deployed effectively to generate enhanced and sustainable returns for our shareholders.

Anglo American has transformed the quality and performance of its portfolio since 2013, halving the number of assets while producing more physical product. This transformation has been achieved through extensive operational self-help and other efficiency work, together with the sale, placing onto care and maintenance, or closure of less attractive assets, resulting in a step-change in our operational performance, profitability and cash flow generation.

Portfolio management

During 2020, our focus was on continuing to improve our competitive position, progressing the construction of the Quellaveco copper project in Peru, and completing the acquisition of Sirius Minerals Plc, while also re-phasing certain of our capital projects in light of Covid-19-related disruption.

We completed the acquisition of Sirius Minerals Plc, following regulatory and shareholder approval, in March 2020. Anglo American is continuing to develop what is now known as the Woodsmith project in the north east of England to access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing potassium, sulphur, magnesium and calcium. The fertiliser product – known as POLY4 – will be exported to a network of customers in overseas markets from our dedicated port. The Woodsmith project, part of our Crop Nutrients business, which also incorporates the further development of global demand for POLY4, will be a world class supplier of premium quality fertiliser certified for organic use and with a low carbon footprint, expected to help meet ever growing demand for food.

The project fits well with our established strategy of securing and developing world class assets, particularly in the context of Anglo American's trajectory towards products that support a fast growing global population and enable a cleaner, greener, more sustainable world. The integration of the project into Anglo American is ongoing, with a technical review on track to be completed by mid-2021.

For more on the Woodsmith project
See pages 22-23

In December, we completed a transaction to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia through the sale of a 12% interest in Grosvenor mine to the minority joint operation participants in Moranbah North. The Grosvenor mine uses Moranbah North's coal processing infrastructure, where numerous debottlenecking, expansion and product blending options offer considerable cost, productivity and margin benefits for the integrated operation.

Projects

Strict value criteria are applied to the assessment of Anglo American's portfolio of future growth options. For major greenfield projects, we will sequence their development and we will consider including partners where appropriate. The Group will continue to maintain optionality to progress with value-accretive projects.

Strong progress continues at Quellaveco, with the project currently tracking against its original schedule, despite the impact of Covid-19-related disruptions, as execution was well ahead of schedule prior to the pandemic, with all applicable milestones achieved.

The project is expected to deliver first production in 2022, with ramp-up to full production in 2023. Quellaveco expects to deliver around 300,000 tpa of copper equivalent production (on a 100% basis) on average in the first 10 years of operation.

Longer term, the Group has a number of organic growth options under consideration, including expansions at the Mogalakwena PGMs complex in South Africa, the Collahuasi copper joint operation in Chile, and the Moranbah-Grosvenor metallurgical coal mines in Australia.

For more on the progress of our Quellaveco project
See page 73

In our ongoing search for new mineral resources, drones are being deployed for many different purposes. Here, at our Sakatti polymetallic deposit in Finland, geologist Fabian Frohlich (left) and technician Jouni Raninen have been using drone technologies in hydrogeological studies, including mapping springs in boggy areas as well as other field operations such as route planning.

Innovation – taking discovery under cover

A short history: It is only in the past 200 years or so that the science of geology has developed to assist in exploration endeavours. Many of these have turned out to be successful, with the discovery of mineral deposits of a quality and scale that have indisputably played an important part in the development of modern life. To take just one example, global production of copper, an essential metal in an array of applications from electrical and electronic applications to hybrid vehicles and the harnessing of renewable energy, has increased twentyfold in the past century, and has more than doubled in the past 25 years.

Challenge and opportunity: A consequence of this successful discovery history is the increasing maturity of well-explored regions, including many areas where the rocks hosting mineral deposits are exposed at surface. However, most prospective rock formations are not exposed, but are rather concealed beneath younger rocks and sediments deposited after the mineral deposits formed in the geological past. These undiscovered deposits are said to be 'under cover'. While some explorers limit their search to traditional and now well-explored search areas, our Discovery team recognises the discovery potential in the vast, still poorly explored, covered search space. The challenge, however, lies in developing increasingly effective means of discovering superior-value under cover ore deposits, with often complex geology, and then turning them into highly prospective resources.

Unlocking covered search space: By applying leading scientific understanding of how world class mineral systems are formed, our geoscientists try to predict Earth's most prospective areas, both exposed and under cover. Innovative discovery technologies, both developed through Anglo American-driven partnerships, include the SPECTREMPLUS airborne geophysical system, and the Low-Temperature Superconducting Quantum Interference Device (LT-SQUID) ground-based geophysical system. SPECTREMPLUS collects high resolution electromagnetic, magnetic, radiometric and gravity information about the sub-surface in a single airborne platform. The LT-SQUID is a highly sensitive magnetometer that is particularly useful for sensing metallic sulphide deposits in complex geological environments that otherwise lack expression at surface. This integrated approach is key to Anglo American's track record of mineral discoveries in new settings and beneath cover.

Looking ahead: Deeply buried mineral deposits are commonly not accessible using traditional open pit mining methods. The tilt towards new covered search spaces brings with it the opportunity to turn under cover discoveries into safe, highly efficient underground operations with a minimal surface footprint. We are pursuing such opportunities at our near-asset Los Bronces Underground copper project in Chile, and at our Sakatti polymetallic project in northern Finland – both Anglo American discoveries.

Discovery

Discovery and Geosciences, including our exploration activities, is consolidated across the Group, covering near-asset and greenfield discovery, projects and operations. The integrated function is supporting a greater technical understanding of our world class assets, a strategic advantage that is being applied to maximise realisation of value from them, and to gain significant benefit in both near-asset and greenfield discovery work.

Anglo American was founded on world class mineral discoveries. Building on the Group's strategy and long track record of discovery success, we are implementing a fundamentally revitalised discovery strategy that is shaping a global, diversified, risk-balanced portfolio focused on new discovery search spaces. This effort is enhancing our position as a discoverer of superior-value deposits that have the potential to improve our production profile, over time.

Quality discovery portfolio

We are concentrating on the discovery of mineral deposits in existing and new districts that are capable of delivering sustainable returns on a material scale, and which provide greater diversification and optionality for the business, delivering metals and minerals to enable a cleaner, greener, more electrified world. We maintain a robust and diverse discovery portfolio, including:

- Near-asset discovery projects: focused on the extensive mineral tenure around Anglo American's existing operations.
- These have yielded, for example, several discoveries in the Los Bronces district in Chile. Notably, at Los Bronces Underground, discovered in 2006, ongoing drilling over the past five years has yielded an increase in reported Mineral Resources by more than 240% to c. 4.1 billion tonnes grading 1.13% TCu (see Ore Reserves and Mineral Resources Report 2020 for full details). In other districts such as Quellaveco (Peru) and Mogalakwena (South Africa), new copper and PGM prospects respectively have been identified and are currently being explored and evaluated.
- Greenfield discovery projects: identifying and securing district-scale mineral tenure covering strategic, highly prospective search space in established and frontier settings. The greenfield discovery focus includes copper, diamonds, nickel and PGMs. The Group has active greenfield programmes in Australia, Canada, Greenland, Finland, South America (Brazil, Chile, Ecuador, and Peru), and sub-Saharan Africa (Angola, Botswana, Namibia and Zambia).

Mining operations are becoming increasingly remotely controlled and automated. Here, at our El Soldado copper operation in Chile, operations are monitored from the safety of the central control room.

Innovation

Across every aspect of our business, we are thinking innovatively to ensure the safety of our people, to enhance the sustainability of our business, and to deliver enduring value in its many forms for all our stakeholders.

Material matters discussed in this section

– Adopting a zero mindset

– Tackling climate change

– Protecting our natural environment

– Playing our role in society

– Driving business performance

Platinum group metals (PGMs) are playing a critical part in the emerging hydrogen economy, including their application in fuel cell electric vehicles (FCEVs), such as this FCEV, owned by Anglo American, which is being used regularly on UK roads. On a far bigger scale, in 2021 we expect to pilot the first hydrogen fuel cell electric truck of a planned haul truck fleet at our Mogalakwena PGMs mine in South Africa.

Decarbonising our business

Tackling climate change is the defining challenge of our time. Our underlying principle is to reduce carbon going into the atmosphere and we have set out a number of pathways to achieve this, guided by our Purpose of *re-imagining mining to improve people's lives*. These include the ongoing transition of our portfolio towards those metals and minerals which support a greener, cleaner, more sustainable world; reducing our energy consumption and intensity; and increased use of renewable energy.

Realising hydrogen's potential

In 2020, we committed to an ambitious goal of achieving carbon neutrality (Scope 1 and 2) across our operations by 2040, with eight of our operations reaching that goal by 2030, supported by a clear set of intermediate targets. We are also rapidly increasing our sourcing of renewable energy – using 100% renewables in Chile from 2021 and Brazil from 2022 – and low carbon operational solutions, which include the production and use of hydrogen.

Hydrogen, the most abundant element, is a versatile, zero-emission energy carrier with a high energy density. It can also be stored in large quantities and for long periods. The Hydrogen Council currently estimates that hydrogen could represent 18% of global energy demand by 2050.

Platinum group metals (PGMs), essential in cleaning up the noxious gases from the internal combustion engine (ICE), also play a critical role in the emerging hydrogen economy – in both hydrogen powered fuel cell electric vehicles (FCEVs), as well as in the production of green hydrogen via electrolysis.

Hydrogen in numbers

18%

the Hydrogen Council currently estimates that hydrogen could represent 18% of global energy demand by 2050

Zero emissions

Hydrogen is a zero-emission energy carrier with a high energy density

For more information on hydrogen fuel, see
www.angloamerican.com/futuresmart/stories/our-industry/technology/how-hydrogen-fuel-cells-work

A world first in mining – developing our hydrogen electric haul truck

While hydrogen power is applicable across most forms of transport, the heavy commercial freight sector is likely to offer the greatest near term growth opportunity for hydrogen powered vehicles, given hydrogen's physical advantages over other technologies. Mine vehicles are also therefore ideal candidates. As part of an integrated mine-decarbonisation system that we envisage, we have partnered with several companies to develop and fuel the world's largest hydrogen powered mine haul truck. We plan to generate hydrogen from electrolysis on our mine sites, using renewable energy sources. At our Mogalakwena PGMs mine in South Africa, where the truck is expected to be piloted in 2021, we are building a 3.5 MW electrolyser to produce hydrogen on site for use in fuelling the hydrogen powered fuel cell electric haul truck. We subsequently expect to roll out this technology across the Mogalakwena fleet and those at our other operations around the world in the years to come.

The prospects for the adoption of hydrogen and fuel cell technologies for clean energy and transport have increased markedly in the last year across many major economies and among key relevant stakeholder groups. In terms of broader transport adoption, some obstacles do still need to be resolved, but it is likely that FCEVs and battery electric vehicles (BEVs) will provide complementary, emissions-free, solutions for different transport applications, with FCEVs continuing to benefit from their quick refuelling times and greater range.

"Hydrogen technologies can provide zero-emission energy and transport solutions, enable deep industrial decarbonisation and help renewables maximise their potential through storage."

Takeshi Uchiyamada
Chairman of the Board of Toyota Motor Corporation and Co-chair of the Hydrogen Council

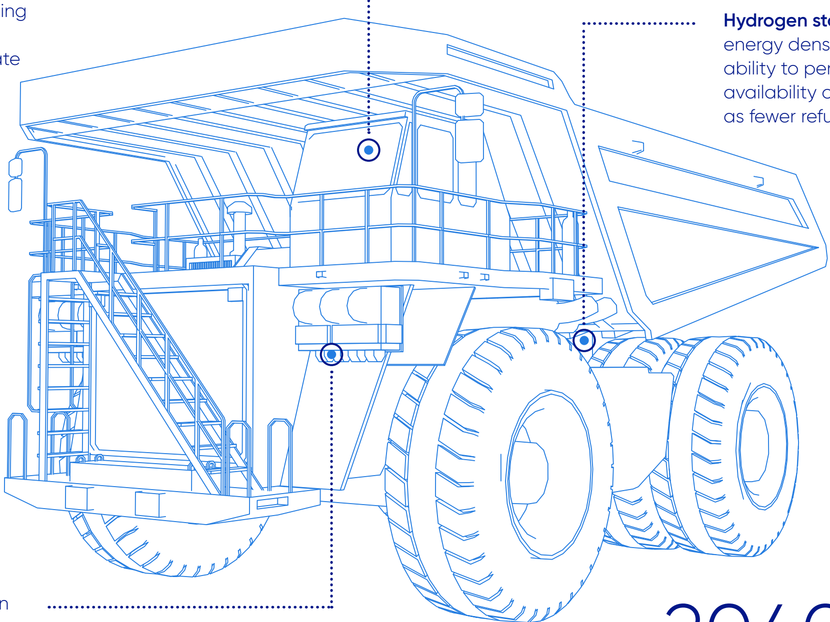
Developing the market for hydrogen

Through our longstanding PGM market development activities, including our $100 million investment in AP Ventures, an independent venture capital fund with a mandate to invest in the development of new applications for the full suite of PGMs, we have been investing in a wide range of promising new technologies and in companies in the fuel cell, hydrogen and energy-storage value chain. We also support the development of the hydrogen economy through several partnerships. We are a founding and board member of the global Hydrogen Council (now numbering nearly 100 members), as well as a founding member of the International Hydrogen Fuel Cell Association in China and the Green Hydrogen in Heavy Industry Consortium in Australia, which was formed in early 2020 and places a strong emphasis on green hydrogen and fuel cell technology for mobility and power generation in mining.

– and our planet

Tackling emissions: Currently, our Ultra Class truck fleets consume 70% to 80% of the diesel on our sites. By displacing diesel with green hydrogen, we are removing one of the hardest to abate emission sources in mining.

Hydrogen storage: Due to the high energy density of hydrogen and the ability to perform fast refuelling, the availability of the haul fleet is maximised as fewer refuelling stops are required.



Power: Our proprietary zero emission Power Plant Module, which consists of 800 kW of fuel cells and a 1.2 MWh battery, can deliver more power than conventional diesel engines.

2040

Anglo American is committed to achieving carbon neutrality across our operations by 2040

Across every aspect of our business, from mineral exploration to delivering our products to our customers, we are thinking innovatively to ensure the safety of our people, to enhance the sustainability of our business, and to deliver enduring value in its many forms for all our stakeholders. The combination of our innovative Marketing Model, best-in-class operational improvements provided by the stable platform of our Operating Model and through our P101 programme, and FutureSmart Mining™ — our innovation-led pathway to sustainable mining — is fundamentally changing the way we extract, process and market metals and minerals, providing our next step-change in operating and financial performance.

Marketing

Our Marketing Model maximises the value from our mineral resources and market positions. We do this by fully understanding and addressing our customers' specific needs and optimising our capabilities in the financial and physical markets to drive the right commercial decisions across the value chain – from mine to market.

Since its creation in 2014, our Marketing business has been committed to providing physical products, logistics, freight, sales services and technical support, as well as commercial solutions, including competitive pricing and helping to respond to potential supply risks.

Our customers operate in some of the world's most critical and diverse industries – from automotive to steelmaking, from technology and jewellery to energy production. Long term, solid relationships are of vital importance to meet – and anticipate – their needs by shaping partnerships that are mutually beneficial and help the entire value chain to evolve and flex to adjust to the demands of a rapidly changing industry landscape.

During a volatile year, Marketing has been instrumental in addressing both supply and demand challenges. As an innovative and modern provider of metals and minerals, Anglo American is helping to unlock value across the entire value chain by offering a full range of customer-specific solutions.

We leveraged our long-standing relationships, market intelligence and analytics capabilities to continue to supply products to our global customer base in the context of significant production and logistics constraints in 2020. Where needed, we redirected product flows to respond to demand shifts, optimising supply from our global portfolio and ensuring fulfilment of our commitments.

Our trading capabilities have helped us capitalise on our competitive positions through securing extra supplies from third parties. We took steps to further develop our sourcing and origination framework, securing new deals with junior miners in order to supplement our own product flows.

Sustainability and collaboration

As we look ahead, we recognise the increasing importance of ESG factors to our customers and partners. We are building on Anglo American's goal to reach carbon neutrality by 2040, including by seeking innovative collaborations with our customers to generate new opportunities to reduce emissions.

We are actively working to contribute to the long term sustainability of the shipping sector. In 2020, Anglo American was one of the founding signatories of the Sea Cargo Charter – established by some of the world's largest energy, agriculture, mining, and commodity-trading companies to introduce a standard reporting framework for charterers to measure and align their emissions. We also announced the award of a 10-year charter contract for four liquefied natural gas (LNG)-fuelled capesize+ vessels, introducing LNG to our chartered fleet for the first time. The vessels, to be delivered in 2023, offer significant environmental benefits, including a c.35% cut in CO_2 emissions compared to standard marine fuel, while also using new technology to eliminate the release of unburnt methane.

Developing the market for PGMs

Our market development team continued to advance both near and long term sources of PGM demand, developing and encouraging new end-user applications while continuing to support the growth of existing demand segments. In 2020, together with our partners, we focused on accelerating the development and adoption of new PGM alloys; spearheaded the creation of hydrogen freight corridors – designed to accelerate the uptake of heavy-duty fuel cell vehicles by aggregating end-user demand and aligning the development of refuelling infrastructure; and formed a joint venture with Japan's Furuya Metal, to commercialise a platinum-based product that extends food shelf life.

The Platinum Guild International and the World Platinum Investment Council, both partners with us in market development, continued to successfully stimulate platinum demand in the jewellery and investment sectors, respectively. We have also expanded our efforts in China, forging new partnerships with the likes of Eastern China University of Science and Technology to work on the development of a platinum photocatalyst used to reduce pollution from industrial waste-gas streams. AP Ventures, established as an independent venture capital fund in 2018, welcomed two new strategic investment partners, Sumitomo Corporation and Impala Platinum, cementing its position as a leading fund investing in technologies that enable the use of PGMs, particularly in the hydrogen and fuel cell sectors.

Operating Model

We believe we can build a long term sustainable competitive advantage by securing access to the best resources and through operating assets more effectively (productive) and more efficiently (cost competitive) than our competitors.

Our Operating Model is the foundation to support us by providing structure, stability and predictability in the way that we plan and execute every task. Unplanned work is inherently more costly, and less safe, than planned work.

P101

P101 is our transformational asset productivity programme that builds on the stability provided by our Operating Model.

It is about improving the performance of our most value-accretive mining and other processes to best-in-class benchmarks, then pushing the capability boundary further, establishing new benchmarks for the industry in terms of efficiency and the way we work. P101 is systematically targeting opportunities across the value chain, for example delivering a 15% increase in truck utilisation at Orapa, increased haul truck payloads at Los Bronces, an 8% throughput increase at the Minas-Rio beneficiation plant, and world class shovel performance across multiple operations. P101 sets the context for our progress and is critical to enabling the delivery of FutureSmart Mining™.

While we have delivered a material operational turnaround in recent years, we believe there is still significant value to be delivered from the continued implementation of our Operating Model, P101, and the benefits from technology roll-out and our digital platform (known as Voxel), as well as the delivery of growth projects. By 2022, we expect to deliver an additional $3–4 billion annual underlying improvement, before inflation, relative to 2017.

A Minera Tres Valles (MTV) employee washing cathode sheets at the company's site in Salamanca, Chile.

Independent copper producer's cathode marketed by Anglo American

Many of the products we market have an important role to play in the energy transition. From automotive to construction to energy production, the ability to supply metals such as copper, PGMs and nickel in a responsible way will be a differentiator in shaping a sustainable future for our industry. By forging relationships with independent partners or smaller-scale miners, long term origination deals allow us to expand the volume and breadth of products we can offer to customers.

This represents a natural extension of our third-party sourcing activities, whereby Anglo American increasingly handles products that originate from outside the Group's managed operations in order to provide a reliable and timely supply of products to meet industry demand.

The agreement with Minera Tres Valles (MTV) and its Canadian parent company, SRHI, highlights our approach. The terms of the deal include Anglo American, together with the Kimura Commodity Trade Finance Fund, providing more than $50 million in loan financing to support production growth plans at MTV's operations in Chile. A key feature is an offtake agreement for 100% of MTV's extremely high-purity copper cathode output that Anglo American will market. Anglo American and Kimura were key creditors who supported MTV through in-court reorganisation proceedings in Chile during the course of 2020, and the terms of the deal reflect the court-approved restructuring plan.

Partnerships such as this bring benefits to smaller and mid-size operators who, through these agreements, have access to Anglo American's marketing platform and route to market. Partners benefit from our product and industry expertise and are able to take advantage of our infrastructure, technical and production risk-assessment skills, as well as our financing and logistics capabilities.

Origination agreements can also be an opportunity to have a positive impact on mining communities. For example, in addition to the ore produced from its own mines, MTV purchases product directly from small third-party producers, and also from ENAMI, Chile's National Mining Enterprise, to be processed at its facilities, as well as leasing properties to local miners. This helps local players in the community of Salamanca, where MTV is located, as it secures an outlet for production coming from smaller producers, including family-owned ventures.

The project is an important source of income for the local area. Around 65% of MTV's 210-strong workforce, and more than 80% of its 382 contractors, come from the local community in Salamanca.

FutureSmart Mining™

FutureSmart Mining™ is our blueprint for the future of our business. The intrinsic links between technology, digitalisation and many of our sustainability outcomes are driving the innovations that will transform the nature of mining and how our stakeholders experience our business. A future in which broad, innovative thinking, enabling technologies, and collaborative partnerships will shape an industry that is safer, more sustainable and efficient, and better harmonised with the needs of our host communities and society. This is about transforming our physical and societal footprint.

Technology and digitalisation

By integrating data intelligence and technology with our Sustainable Mining Plan commitments, we are creating new systems that optimise value for our stakeholders. We expect this integrated and holistic approach to deliver increasingly significant safety, environmental and social benefits, while reinforcing the ethical credentials of our products.

The framework for our approach to technology and digitalisation is set out as follows:

Concentrating the Mine™

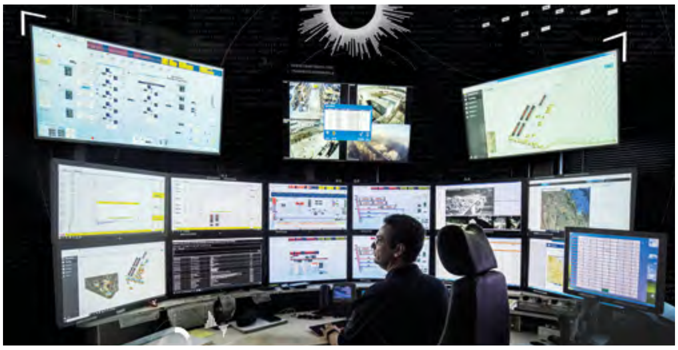
We are optimising mining processes through technologies that target the required metals and minerals more precisely, with reduced water, energy and capital intensity, and producing less waste. These technologies include bulk ore sorting, coarse particle recovery, fines flotation, dry processing and novel classification, with their implementation integrated into resource development planning.

Water-less Mine

With 75% of our assets located in water-constrained areas, we must reduce our dependence on water and associated tailings facilities. We will always need water, but we can get closer to full recovery recycling. Through an integrated system of technologies including coarse particle recovery and hydraulic dry stack, we are reducing freshwater usage, moving to closed loop and ultimately dry-processing in our operations, thereby eliminating the need for wet tailings and instead creating stable, dry, economically viable land. The construction of the first such facility is under way at El Soldado, in Chile, to validate the engineering at scale.

Modern Mine

Safety is our number one priority and we are committed to achieving zero harm, so that all of our colleagues return home safely, every day. We are developing a new generation of engineered controls to reduce exposure to risk in work processes. We are using existing modernisation technologies, introducing remotely operated machinery – such as automated drilling – and continuous hard rock cutting, to remove people from harm's way.



Intelligent Mine

We are transforming how we make best use of data, through integrated digital tools for planning, simulation, execution, and monitoring, from resource definition to the output of processing plants. Our digital platform (known as Voxel) is bringing the full mining value chain together in a digital form to help our people make data-driven decisions in the most efficient manner, predicting outcomes and driving safety, environmental and productivity improvements.

Bulk ore sorting (BOS) plant at PGMs' Mogalakwena mine. The BOS system unlocks production capacity through early rejection of waste, reducing the volume of material sent to the processing plant.

Bulk ore sorting and coarse particle recovery – leading the way in mineral processing innovation

FutureSmart Mining™ is central to how Anglo American lives up to its Purpose of *re-imagining mining to improve people's lives*. We are working to transform many of the physical processes of mining and to reduce our environmental footprint, helping us to better meet society's expectations of our industry, while continuing to provide many of the essential metals and minerals our modern society needs.

Through embracing step-change technologies, our mining operations are becoming safer and more water- and energy-efficient. Through digitalisation, and the application of big data and artificial intelligence, FutureSmart Mining™ is enhancing our performance across the entire mining value chain, from the discovery of new mineral deposits, to mining equipment and processing techniques, to tailoring products for our customers.

Anglo American is at the forefront of applying innovative technologies that are fundamentally changing the way minerals are processed – two of which are bulk ore sorting (BOS) and coarse particle recovery (CPR). Both technologies are helping us to significantly reduce our energy and water consumption in line with our ambitious Sustainable Mining Plan targets of a 30% improvement in energy efficiency and a 50% reduction in fresh water abstraction by 2030.

The primary benefit of the BOS system is in unlocking production capacity through early rejection of waste or unwanted material, thereby increasing the grade of the ore and reducing the volume that is transported to the processing plant or concentrator. BOS uses composition-sensing technology to detect the concentration of elements of interest, as well as the amount of waste in the material being transported for processing. This has led to a reduction in overall costs per tonne produced, along with a decrease in wet tailings volumes, and in water and energy use.

BOS pilot plants are already up and running or in the process of being commissioned at El Soldado, Barro Alto, Los Bronces and Mogalakwena. Work is most advanced at El Soldado, where trials indicate that, potentially, BOS alone can deliver a c.10% reduction in energy and water intensity for an operation.

CPR makes use of a new technology that may in time replace conventional flotation technology, which frequently requires large infrastructure and high power consumption. At our El Soldado copper mine in Chile, our new demonstration plant uses CPR technology in a novel way using the Hydrofloat™, which combines flotation with gravity concentration, allowing the flotation process to be changed to treat larger-diameter material and permit coarser grinding. Through delivering a waste stream that is easier to handle, capacity in the mill is freed up to increase throughput by 15–20%, while effecting savings of around 20% in energy.

By being able to treat larger size material as opposed to dust size particles, the process also means that water can be more easily separated afterwards, which then enables the dry stacking and storage of that waste, with far fewer wet tailings, reducing water consumption by around 10%, as well as making the whole operation safer.

Sustainable Mining Plan

As societal expectations continue to evolve, so mining must play its part to address the environmental challenges of a carbon-constrained world and society's wider expectations of us as enablers of change, while we continue to meet the ever growing demand for our products.

Our far-reaching and ambitious Sustainable Mining Plan is designed to tackle many of these challenges, both environmental and social, and we are making encouraging progress in changing how our employees and stakeholders experience Anglo American, in line with our Purpose.

Our Sustainable Mining Plan, launched in 2018 as part of FutureSmart Mining™, is built around three major areas or Global Sustainability Pillars, which are aligned to the UN's Sustainable Development Goals:

- Maintaining a healthy environment that uses less water and delivers net-positive biodiversity outcomes, ultimately moving us closer to our vision of a carbon-neutral mine
- Building thriving communities with better health, education and levels of employment
- Developing trust as a corporate leader, providing ethical value chains, policy advocacy and improved accountability.

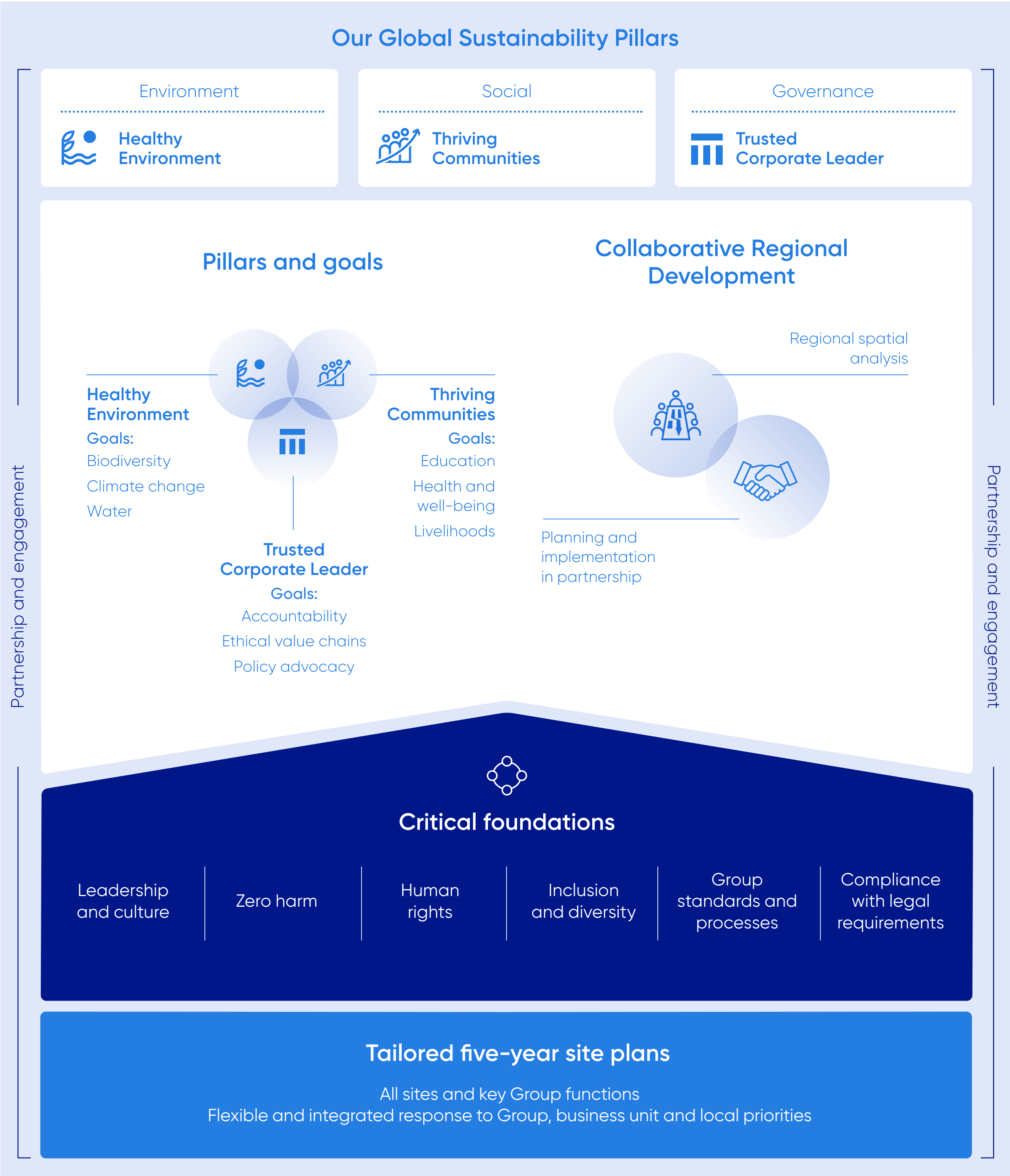
Under each of the Global Sustainability Pillars we have a set of stretch goals. We are putting all our efforts into delivering them between now and 2030. These Global Stretch Goals are deliberately ambitious and designed to challenge us to lead and innovate.

At the heart of our Sustainable Mining Plan is Collaborative Regional Development (CRD), our innovative approach to bringing sustainable economic opportunities to the regions around our operations. For our mines to be safe, responsible and productive, they should operate in areas that are thriving. In many places, addressing the challenges to achieve this is too large and complex to be solved by one institution alone, and instead is better tackled through collaboration and partnership.

CRD involves Anglo American acting as a facilitator and catalyst for change in the regions that host our operations. We are forming partnerships with other stakeholders, to jointly identify and then deliver long term social and economic development beyond our operations' immediate zones of influence. We use spatial analysis to look at factors such as demographic data, available infrastructure and climate projections to explore challenges and opportunities in the region and combine these with market studies. Spatial planning involves aggregating multiple data sources in a particular region, helping partners explore challenges and opportunities by visualising them in one location.

In 2019, we piloted the approach in Limpopo province in South Africa, where our CRD initiative, the Impact Catalyst, now has four main partners. We have also started implementing the CRD approach in the country's Northern Cape province, as well as in Botswana, Brazil, Colombia, Peru and the UK.

By working in partnership with a broad range of stakeholders, we are delivering on our commitment to building the foundations for long term, sustainable development in our host regions, far beyond the life of the mine.



Climate change

Climate change is one of the defining challenges of our time and at Anglo American, we are committed to being part of the global response to climate change. Our strategy takes into account a range of risks and opportunities for the business. We will work with others across geographies, industries and throughout the value chain to achieve our goal. We are also investing in game-changing technological solutions through FutureSmart Mining™ to deliver sustainable reductions in energy usage and emissions.

Our approach and policies

Climate change is the lens through which we view all of our strategic planning and business decision-making, including capital allocation and the industry associations to which we belong, ensuring that we are able to position ourselves proactively to address the impacts of climate change and capitalise on potential opportunities, as well as moving our business in line with the global transition that is needed.

We are exploring growth opportunities, including in copper, nickel and PGMs – the metals required for the transition to a low carbon economy – and we have reduced our thermal coal production footprint by more than half since 2015.

Our commitment to helping address climate change is underpinned by our work to reduce our operational greenhouse gas (GHG) emissions. Having already introduced a target in 2018 to reduce absolute GHG emissions by 30% and improve our energy efficiency by 30% by 2030 against a 2016 baseline, in 2020 we raised the bar. We are now targeting carbon neutrality across our operations by 2040, with eight sites targeted to be carbon neutral by 2030.

Our approach aligns with the vision set out by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which we have supported since 2018. In line with the TCFD's recommendations, in 2019, we published the report *Climate Change: Our Plans, Policies and Progress*, which explored the impact of climate change across our portfolio through quantitative scenario analysis. The analysis helped us understand that our business is fundamentally resilient. Guidance on where to find information relating to each of the TCFD's recommendations is found in the disclosure table on page 257.

The remuneration of our chief executive and all senior management include metrics directly related to climate change. A GHG emissions target was first introduced to the LTIP in 2017. We achieved the 2020 GHG target a year ahead of schedule, in 2019. For 2022, the LTIP awarded in 2020 includes a target of a further 10% reduction on the 2019 emissions level (with a 15% stretch target). The GHG metric has been retained for the new LTIP being awarded in 2021, reflecting our continued focus on climate change and our 2030 SMP commitments. See page 130 of the Directors' remuneration report for more detail.

In addition to our work with the International Council on Mining and Metals (ICMM), we engage in policy processes through other local and international forums. We also have consistent and constructive engagement with investors with an interest in climate change, including with the Climate Action 100+ initiative.

Targets and performance

In 2020, our operations were responsible for 16.1 million tonnes of CO_2-equivalent emissions (Mt CO_2e). This represents a 9% decrease compared with 2019, driven in part by the impact of Covid-19-related restrictions at many of our operations in the second quarter of 2020. Our total energy consumption decreased to 81 million GJ (2019: 87 million GJ). In 2020, our Group emission intensity was 7.63 (Mt CO_2e/tonnes CuEq).

In 2019, we undertook a Group-wide Scope 3 emissions assessment, covering the period 1 January 2018 to 31 December 2018. The emissions from this period were 225 Mt CO_2e. We plan to carry out this detailed assessment every two years.

For more information on our Scope 3 emissions, see
www.angloamerican.com/sustainability-data

Environmental co-ordinator Rogério Vasconcellos in Minas-Rio's nursery, where native tree seedlings are cultivated prior to planting in areas set aside for reforestation.

Biodiversity leadership at Minas-Rio

Conserving Brazil's Atlantic Rainforest

A major area of focus in our Sustainable Mining Plan is to be recognised as a leader in biodiversity in the mining sector. We aim to achieve this through being responsible and transparent biodiversity custodians so that our presence has a net positive impact (NPI) on biodiversity. We appreciate only too well that failing to do so will create risks for us from an operational perspective, and from loss of reputation, trust and social acceptability.

Our Minas-Rio iron ore mine is located in one of Brazil's priority conservation areas (the Buffer and Transition Zone of the Espinhaço Range Biosphere Reserve). This is a transition area between the Atlantic Rainforest and Cerrado (Brazilian Savanna) biomes and is characterised by the presence of many caves. The Atlantic Rainforest originally covered around 60 million hectares and extended over several, very different, environmental zones. Today, the forest cover is now around 12% of its original extent. This includes places where the rainforest is being regenerated, as well as degraded forest land, and comprises mainly small areas of under 100 hectares.

We are investing in biodiversity offsets at several sites in the region of the Minas-Rio operation by way of combating ongoing deforestation. These offset sites cover more than 15,000 hectares, of which around 12,000 hectares are legally constituted forest and are managed directly by Anglo American. The remaining hectares will be donated to the Minas Gerais state government in order to help conserve protected land by creating a 'green ribbon' that connects these areas. Between 2014 and 2020, Anglo American made a number of major biodiversity investments, including $3.5 million dedicated to conservation of the 12,000 hectares of legally constituted forest in the Minas-Rio region, while $6.4 million was invested in the restoration of a further 1,300 hectares. In addition to these amounts, we also invested $2.4 million on the monitoring of fauna in the region, while $2.8 million was donated to the production of seedlings of native trees for reforestation of degraded areas.

We are implementing several additional conservation initiatives in Brazil, including partnerships with NGOs for the restoration of wetlands, and with universities for scientific research, environmental education, and assessment of livelihood alternatives – which, together, will make a positive contribution to the region's biodiversity conservation and its overall sustainable development. Such initiatives are essential to reduce the human pressure on remaining habitats and to tip the balance away from deforestation towards encouraging the restoration of forest land and to ensure we deliver positive conservation outcomes.

Protecting our natural environment

We consider ourselves stewards of the land and ecosystems where we operate. We have a responsibility to look after the natural environment with care and ingenuity. We direct our efforts to making sure that not only do we minimise impact, but that we seek to deliver positive and lasting environmental outcomes.

We do this through ecosystem-thinking and by using nature-based solutions, managing a range of interconnected issues - from climate and biodiversity to social impact and health, including using our digital platform, known as Voxel, to predict environmental impacts and help us adjust operational planning accordingly. Our environmental work involves protecting the biodiversity of areas in which we operate, accounting for and optimising our water use, supporting the circular economy throughout the value chain and across our business, and addressing quality of the air around our operations.

As part of our Sustainable Mining Plan, we have set the following targets for water and biodiversity:

- Biodiversity 2030: Deliver net positive impact on biodiversity across Anglo American
- Water 2030: Reduce the abstraction of fresh water by 50% against the 2015 baseline.

Our approach and policies

In 2020, we updated and published our Safety, Health and Environmental (SHE) Policy. Aligned with our Purpose, Values, and internationally recognised safety, health and environmental standards (ISO 45001 and 14001), the SHE policy embodies three guiding principles: zero mindset; no repeats; and non-negotiable minimum standards.

The SHE Way is the management framework we use to implement the SHE Policy. It helps us to achieve our Sustainable Mining Plan goals and to live out our commitments to maintain a safe and healthy workplace, a sustainable environment, and to build and maintain thriving communities everywhere we work. This dynamic tool sets out what is expected of all employees, managers, and our organisation as a whole. The updated SHE Way is being rolled out to support the updated SHE Policy in the first quarter of 2021.

For more information on the SHE Policy, see
www.angloamerican.com/sustainability/approach-and-policies

In spite of the challenges posed by Covid-19, in 2020 we made significant progress:

- PGMs achieved a 92% reduction in waste to landfill compared with the 2013 baseline
- We launched our first Global Biodiversity day, including a global grant programme
- Our Predictive Monitoring System, of which the foundational part of Phase 1 was completed, brings together software, hardware (sensors) and data science from multiple operational data sources into a single platform to give us future-looking information about how weather incidents will affect our operations. It enables us to make adjustments in real time to optimise our controls
- In November 2020, we announced a collaboration with Accenture and other global industry leaders to support The Circulars Accelerator. This initiative will help accelerate the global circular transition.

Learning from environmental incidents

We classify incidents on five levels, according to their impact. Our chief executive reports all Level 3–5 incidents (from moderate to significant) to the Board, which addresses them through its Sustainability Committee.

In 2020, we saw no Level 5 environmental incidents at our managed operations, for the fifth consecutive year, and no Level 4 incidents. There was one Level 3 incident at PGMs Rustenburg Base Metals Refinery in South Africa, which related to water overflow. We carried out remediation activities and are taking action towards a long term solution for this repeat incident. The existence of repeat incidents prompted us to launch our 'Environment 365 No Repeats' initiative – a proactive approach to managing incidents, with the goal of ensuring that, by 2021, there will be no Level 2 or above repeats at the same site, with the ultimate goal of no events.

Water

Water is fundamental for our operations and the communities around them. We embrace our role as water stewards and, as our approach continues to evolve, we incorporate learnings and develop or implement new technologies.

In 2020, our focus was on reviewing and updating our water-accounting methodology to ensure that all data is validated against water balances, and that consistent definitions are applied in accordance with the International Council on Metals and Mining (ICMM) guidelines. This supports our continuing commitment to water stewardship, working towards meeting the Sustainable Mining Plan's water goals and reaching for the FutureSmart Mining™ vision of a water-less mine.

Our Sustainable Mining Plan includes Water as a global stretch goal, with the following milestones and targets:

- 2020: Reduce the withdrawal of fresh water by 20%. Increase water-recycling and re-use levels to 75% against the 2015 baseline. No Level 3 or greater water incidents
- 2030: Reduce the withdrawal of fresh water by 50%.

In 2020, we reached a 10% reduction in freshwater abstraction compared with the 2015 base year, which was short of the 2020 milestone. However, we exceeded the recycling and re-use milestone, achieving 80%. We experienced one Level 3 incident and, accordingly, we are taking action in order to meet the 2030 targets. Total water withdrawals amounted to 209 million m^3.

Mineral residue management

The management and storage of waste rock and processed mineral residue – known as 'tailings' – is a critical issue across our industry. We are determined to meet the social, safety and environmental challenges of mineral residue management, both by developing practical technological solutions, and encouraging industry-wide conversation on the subject, while implementing leading practice across our Group.

For more information and disclosure, see
www.angloamerican.com/tailings

Our approach and policies

We are an industry leader in our approach to managing tailings safely and in being transparent about our tailings storage facilities (TSFs) around the world. Our Group Technical Standard addresses the risks of both tailings dams and water-retaining dams, as well as waste rock dumps. The Standard sets out requirements for design, monitoring, inspection and surveillance, which we follow as a minimum practice in each jurisdiction where we operate. While the Standard is recognised as industry-leading, it will continue to evolve.

Technology is increasingly playing a role in how we make tailings dams safer. In 2020, we completed installation of fibre-optic sensors at our TSFs at our Mototolo PGMs mine in South Africa, our Minas-Rio iron ore operation in Brazil, and our Los Bronces and El Soldado copper mines in Chile. Fibre optic cables cover a large area and are extremely sensitive to either strain or temperature differentials over very long distribution lengths. This technology helps us to monitor tailings dams, enabling near-real-time measurement and analysis of data to understand structural movements, long term deformation or 'creep' into the dam foundation.

Playing our role in society

As a global business, we see it as our role to make a positive contribution to society. Leading by example, we have a renewed social performance management system, the Social Way 3.0, that aligns with international best practice. We hope the Social Way 3.0 will be instrumental in improving people's lives in and around the areas where we operate.

Through our Collaborative Regional Development (CRD) programme, we work to actively support local and regional economies. We respect human rights, as well as the cultural heritage of people and communities. We also transparently and continuously engage stakeholders to collaboratively find solutions to the most pressing issues of our time.

We set our standards high, embedding them into our Code of Conduct. We also have high expectations of our suppliers, and provide guidance and support to emerging companies to meet those expectations, ensuring we address sustainability issues throughout the entire value chain.

Social performance

Social performance encompasses our interactions, activities and outcomes with respect to local communities and other local stakeholders in those areas affected by our activities.

Our approach and policies

The Social Way 3.0 provides a governing policy, implementation toolkit and assurance framework for social performance for all Anglo American-managed sites, at all phases of development.

Aligned with our Purpose and core planning and business management processes, as well as international standards and best practice, it sets out clear minimum requirements to:

- Engage with affected and interested stakeholders
- Avoid, prevent, and, where appropriate, mitigate and remediate adverse social impacts
- Maximise development opportunities.

Like earlier versions, we have made this publicly available for other companies to use, and, more importantly, so stakeholders know what our standards are and what they can expect of us.

Assessing performance

External, independent assessors carry out annual compliance assessments across all our managed operational sites. As the requirements to comply with the Social Way 3.0 are more comprehensive and integrated than the previous version, all our site teams are working through a transition process to align to the Social Way 3.0 by the end of 2022. During the process of transitioning to our new standard we will report progress against the transition plan.

The launch of the Social Way 3.0 required us to embark on the most ambitious social performance training programme that we have ever undertaken. More than 1,000 people at our sites, across multiple functions and levels of leadership, took part in training sessions in 2020. This training continued throughout the year despite the Covid-19 pandemic, and will be built on and expanded in 2021 to support the transition journey.

Engaging our local communities

As part of our transition to the Social Way 3.0, our Sustainable Mining Plan site-level local accountability goal has been incorporated into our stakeholder engagement requirements.

By 2022, we will have established community engagement forums at every mine site to deliver our Social Way 3.0 commitments to consult with stakeholders, carry out monitoring and evaluation, discuss future plans and more. This will serve to build and deepen trust and mutual understanding with our communities.

As part of the Social Way 3.0 update in 2020, we have strengthened our standards for cultural heritage management, demonstrating the importance we place on cultural heritage.

Grievances and incidents

In 2020, we recorded and reviewed approximately 2,059 grievances. Following review, 510 were Level 4 and none at Level 5. During the same period, 505 incidents with social consequences were recorded, of which 12 were Level 4 incidents, and none at Level 5.

Our priority is to continue to put in place all the necessary measures to complete our transition to the Social Way 3.0 by the end of 2022.

Human rights

We are committed to upholding human rights across our operations. Having reinforced human rights due diligence in 2020, we ended the year with much achieved and a clear picture of where we can further improve.

Our approach and policies

Our Group Human Rights Policy is aligned with the United Nations (UN) Guiding Principles on Business and Human Rights, and our commitment to the UN Global Compact Principles. Our Human Rights Framework underpins the Policy, describes how it links to our Standards, such as the Social Way 3.0, and outlines our main human rights risks. We are also a signatory of the Voluntary Principles on Security and Human Rights.

Our approach to human rights, and what we expect from suppliers, is also embedded in our Responsible Sourcing Standard for suppliers. We updated this in 2020, in recognition of the potential for increased human rights risk and increasing vulnerability as a result of Covid-19. In compliance with legislation in Australia, we are on track to meet the statutory modern slavery reporting requirement of the Modern Slavery Act 2018. We have also communicated with our higher risk suppliers on the new requirements of the UK's Modern Slavery Act 2015 to manage Covid-19-related risks.

With great respect for the close connection of Indigenous Peoples to the land, we remain committed to obtaining free, prior and informed consent for all new projects, in line with the 2013 ICMM Position Statement on Indigenous Peoples and Mining. This commitment is incorporated into the Social Way 3.0.

Governance and performance

In 2020, we carried out a review across our business and value chain of corporate policies and processes that collectively support human rights due diligence, aligned with the requirements of the UN Guiding Principles on Business and Human Rights.

During 2020, grievances that involved human rights aspects accounted for approximately 2% of the total number of grievances received.

Socio-economic contribution

We are committed to working with other businesses and organisations that support local economies. This includes, but is not restricted to, helping those businesses and organisations to strengthen the skills and capabilities needed to enable an area to diversify its economic activities beyond mining and become more resilient. Partnering with governments, communities, other private sector companies, academia, financial development institutions and NGOs through our CRD work, we jointly identify opportunities for long term social and economic development, which we then collectively deliver.

Social investment

In 2020, our Corporate Social Investment (CSI) reached $125 million (2019: $114 million), which represents 2% of underlying earnings before interest and taxes (EBIT), less underlying EBIT of associates and joint ventures.

We focus our CSI on health, education and community development, in line with our Sustainable Mining Plan. In 2020, we readjusted our funding priorities due to Covid-19, investing $23 million on education and training initiatives and $35 million on health and welfare projects. This work also made use of our Voxel data platform to deliver data and digital literacy training to enhance skills and improve employability.

Working together on the ground with the local authorities and health organisations, at Quellavecoo we helped to deliver much-needed medical and other supplies to the Moquegua community.

Covid-19 response at Quellaveco

As societies began to realise that the Covid-19 virus could not be contained to just a few regions, when the pandemic reached South America, Peru was one of the first countries to impose restrictions to mitigate the spread of Covid-19, swiftly allocating aid to assist those most likely to be affected by the pandemic and the accompanying economic slowdown.

Like many countries across the world, Peru has experienced a tragically high Covid-19 mortality rate, which has put great strain on its public health systems and economy, with gross domestic product (GDP) falling by 11.5% compared with 2019, and unemployment more than doubling to 9.6% by the third quarter of 2020.

As the societal and economic impact of Covid-19 unfolded, we mobilised into action, working with and building on our strong relationships with our host community and government. In Moquegua, where our Quellaveco copper mine is under construction, we worked together with farmers and businesses, health authorities and municipal government in designing and developing the 'Quellaveco platform for the economic reactivation of Moquegua to address the Covid-19 pandemic'. Its main goals were:

- to contribute to the economic recovery of the most affected sectors of society
- to boost the economic recovery of Moqueguan farmers, companies and workers who lacked access to financing
- to strengthen our position as a strategic ally, working both independently and in partnership with the state, initially on how best to respond to the crisis and, more generally, in assisting Moquegua's sustainable development.

Among the measures we put in place to safeguard the health of the Moquegua community were support for its *La vacuna eres tú* ('You are the vaccine') programme, in alliance with regional and local government authorities and health institutions, which has reached more than 23,000 families; and rolling out medical and Covid-19 awareness-raising campaigns, which included Covid-19 detection tests, screening, and medicines. We also worked with local authorities from day one to provide support and assistance to the most vulnerable. This included delivering medical equipment and supplies to health organisations; food, farming and educational tools and shelter for those most in need; oxygen plants and related equipment; 40 hospital and ICU beds; ventilators and ICU apparatus; and nearly 10,000 items of personal protective equipment (PPE).

At the same time, we put in place financing arrangements and generated development opportunities for small local farmers, through the AgroQuellaveco Fund; assisted the recruitment of local skilled and non-skilled labour through a custom-designed mobile phone app; established a Moqueguan business website; and helped Moqueguan entrepreneurs gain access to state-financing benefits. Enabled by these initiatives, purchases amounting to approximately $56 million were made from Moqueguan businesses in 2020, with 130 businesses accessing loans and 180 farming families directly benefiting from AgroQuellaveco.

Our actions are driven by our commitment to our communities and Peru in both good times and bad. We stand side by side with our neighbours and are committed to the long term prosperity of the region.

Supply chain

Our approach to responsible sourcing is aligned to our Purpose. We expect all suppliers to meet applicable laws – while sharing our commitment to improve people's lives, society and our environment. Our programme defines minimum sustainability requirements and decent work principles required by our 18,000+ suppliers. This allows us to prioritise ethical decision-making when selecting and managing the suppliers we work with, and to support and uphold fundamental human rights through our supply chain.

Our approach and policies

As a condition of working with us, suppliers must comply at a minimum with all relevant laws, industry regulations, and we expect them to meet the Anglo American policies, site requirements and other supply conditions, including our Responsible Sourcing Standard.

In 2020, we launched an updated version of the Standard to reflect possible consequences of Covid-19 on human rights, calling for increased visibility of value chains and improved management of infectious diseases. We also built on the role that suppliers can play in the circular economy. Published in three languages, the Standard is available via our website, along with a six-minute introduction video. We also updated our Frequently Asked Questions document and our supplier 'self-assessment questionnaire' tool.

In parallel, we are updating the requirements of our internal responsible sourcing processes, to strengthen, embed and further integrate responsible sourcing across the Group. This will apply to all suppliers from 2021 and will drive consistent application, incident management and weighting of responsible sourcing through the sourcing process.

Managing sustainability risk

Global supply chains can generate economic growth and contribute significantly to social development. But, as businesses seek to diversify sources of supply or further integrate into new markets or local economies, there is an increased risk of fewer decent work opportunities, which may lead to human rights violations, including the use of child labour, modern slavery, forced labour and human trafficking.

Our responsible sourcing programme enables us to identify some of these risks and help our suppliers make ethical decisions when purchasing goods and services.

In 2020, our operations spent approximately $11.5 billion with suppliers, of which $10.0 billion was with local suppliers. Our expenditure with designated suppliers was $2.6 billion, representing 23% of total supplier expenditure, including $0.5 billion with host communities in the direct vicinity of our South African operations. In addition, as a result of our focused inclusive procurement ambition to increase procurement spend with suppliers in the host communities close to our operations, other regions measured a further $0.2 billion of procurement spend with communities in the direct vicinity of our operations.

Engaging with suppliers

In 2020, we continued engaging with suppliers who demonstrated potential for risk. However, with the onset of Covid-19 and mindful of the disruptions caused to supplier businesses due to lockdown and social distancing measures, we reduced the target number of suppliers for assessments to 50. By the end of 2020, over 430 supplier self-assessments and four on-site assessments had been conducted. Furthermore, 548 supplier representatives attended human rights, modern slavery and responsible sourcing capacity building programmes.

Global CSI expenditure by type[1]

	$'000	
Community development	41,971	34%
Health and welfare	35,061	28%
Education and training	23,302	19%
Disaster and energency relief	6,815	5%
Water and sanitation	6,688	5%
Other	6,658	5%
Institutional capacity development	2,766	5%
Sports, art, culture and heritage	1,103	1%
Environment, energy and climate change	901	1%
Total	**125,265**	

[1] Discrepancies may occur due to rounding.

Global CSI expenditure by region[1]

	$'000	
Africa	65,544	52%
Americas	51,800	41%
United Kingdom	3,469	3%
Australia	2,419	2%
Rest of World	2,033	2%
Total	**125,265**	

[1] Discrepancies may occur due to rounding.

Trainee miners (left to right) Jess Shafer, Milana Cryer, Morgan Bates, Peita Wilkings and Gabrielle Wheeler at Moranbah North coal mine in Australia are participants in the mine's training programme dedicated to providing women with the opportunity to complete on-the-job training and be certified as underground miners.

People

Our people are critical to all that we do. The partnerships we build, both within Anglo American and with our stakeholders – locally and globally – are central to maintaining our regulatory and social licences to operate and our commercial success.

Material matters discussed in this section

- Adopting a zero mindset
- Helping our people thrive
- Playing our role in society

On our Global Safety Day held in November, Kumba's Kolomela general manager Masala Mutangwa led the day's safety activities at the mine. Owing to social-distancing requirements brought about by the Covid-19 pandemic, this annual global event was held online.

WeCare: Our global

During 2020, society experienced the greatest threat to global health in a century. The Covid-19 pandemic posed unprecedented challenges to all companies, both commercially and as employers and drivers of broader economic activity, and was felt most acutely in those communities that play host to our operations.

Building resilience in our own ecosystem

Our mines and host communities, which are also often home to much of our workforce, operate as an ecosystem and both must be healthy to prosper. By thinking holistically across those ecosystems, and recognising that speed was of the essence, Anglo American developed a response that was true to our Values and firmly aligned with our Purpose of *re-imagining mining to improve people's lives*.

Supporting lives and livelihoods

We acted quickly at the onset of the pandemic to support the lives and livelihoods of our workforce and host communities through the health, social and economic effects caused by Covid-19. We developed and rolled out an extensive health awareness and broader support programme, called WeCare, designed specifically to help protect the health and well-being of our more than 95,000 people and our host communities. WeCare is helping colleagues and communities better understand how to protect themselves and others from catching the virus, monitor their health to pick up early symptoms, and to manage their well-being.

"In the years to come, when we look back on this uncertain and frightening period in our lives and in our history, we hope to see a positive legacy left by our response to it."

Mark Cutifani
Chief Executive of Anglo American

In Chile (featured), as elsewhere in the Group, an active screening strategy was established early on in the pandemic to identify people with Covid-19 cases so that they could be isolated, thereby reducing transmission of the virus and allowing operational continuity.

The WeCare programme

Our WeCare programme provides information and extensive practical support across four pillars of: physical health, mental health, living with dignity, and community response.

For more information on the WeCare programme, see
www.angloamerican.com/covid-19

Physical health
Education and behavioural change to support personal health and hygiene; health screening and testing; PPE and medical equipment and facilities

Mental health
Employee support programmes to assist with mental health management, including employee app and online events and digital materials

Living with dignity
Direct employee and community support to combat gender-based and domestic violence; work with health authorities to identify abuse cases and referrals to support mechanisms

Community response
Wide-ranging community support programme, including: public information campaigns; health screening, testing and treatment; donations of medical supplies and equipment; food security; local business support; providing essential services; support for schools; skills training; longer term regional development planning; and employee match funding

response to Covid-19

Rolling out WeCare

Across our operational footprint and in those communities that are local to our operations, the ongoing WeCare programme provides information and extensive practical support across four pillars of: physical health, mental health, living with dignity, and community response.

Physical health – to keep each other safe at work, we put in place a series of workplace controls, including: education and behavioural change to support personal health and hygiene; health screening and testing; personal protection equipment (PPE) and medical equipment and facilities.

Mental health – we built on our existing mental health and well-being resources to ensure our people were able to access the tools and support to help them cope with the increased stress and uncertainty brought about by the pandemic. We developed employee support programmes to assist with mental health management, including via our employee app and online events and other digital materials.

Living with dignity – our partnerships with health authorities and charities are helping us to identify abuse cases and people at risk of gender-based and other forms of domestic violence, and direct them to the support they need. There are three key areas of focus: raising awareness of support; case identification and referral; and supporting safe spaces.

For more information
See page 49

Community response – We designed a wide-ranging community response plan to support communities through the social and economic effects of the pandemic, including: public information campaigns aimed at health and hygiene; health screening and Covid-19 testing; support for health service provision; continuation and expansion of essential services (e.g. water, energy, accommodation); food package distribution; support for small and medium sized enterprises (SMEs) and entrepreneurs; support for teachers and students; job training; and regional development planning. The plan was developed by engaging with communities, traditional and faith leaders, and government agencies, and is tailored to each community's specific needs. The guidance to our operations on how best to respond to the needs of their local communities has also been made publicly available for other companies to use[1].

What is more, many of our sites have a significant number of contractors. We continue to work closely with them and third-party suppliers to manage risks, ensure alignment with Anglo American protocols, and protect their health, well-being and livelihoods.

Living out our Values

Covid-19 has drawn renewed attention to the role of business in society. Anglo American constructed a broad-based response that has been warmly welcomed by our employees and stakeholders alike, based primarily on our Value of Care and Respect. WeCare prioritises the health and safety of our workforce, and our host communities – while ensuring the continuity of our business, in the interests of all stakeholders. Going into 2021, we continue to provide appropriate support as we transition from preventing and responding to the pandemic into the all-important phase of sustained recovery.

[1] https://socialway.angloamerican.com/

Safety comes foremost in everything we do; we train, equip and empower our people to work safely every day. We believe, too, that creating an inclusive and diverse working environment and culture that supports high performance and innovative thinking gives our business a competitive advantage.

Adopting a zero mindset

Our main priority is to protect the health and safety of our people, the communities around our operations and the environment. And we have shown consistent improvement across the business – with an 87% reduction in fatal incidents, an 85% reduction in health incidents and a 97% reduction in environment incidents all achieved since 2013.

To further accelerate progress, in 2020, we updated our safety, health and environment (SHE) policy. A key element of this update is focusing on achieving a 'zero mindset', meaning that we aim for zero accidents and zero incidents and, importantly, zero repeats. If something does happen, we investigate the causes, act to remedy these, and share the lessons learned across the Group with the aim of preventing repeat or similar incidents.

Approach and policies

While we have seen an improvement in our overall safety record, sadly fatal incidents continue to occur. Our Elimination of Fatalities programme is designed to address systemic safety risk areas across the Group. The multi-disciplinary programme is aligned with our Operating Model 'mantra' of doing the right work, at the right time, in the right way, to safely and responsibly deliver our work.

The programme covers a wide range of topics from culture and operational leadership, to specific safety risks, such as the use of explosives, emergency response and light vehicles, with our business units implementing the actions or minimum requirements set out by each site review, standard or procedures. In 2020, where Covid-19 affected our ability to conduct some site reviews in person, these were conducted virtually.

We have also invested in technology and equipment to keep our people out of harm's way. Technology – such as video analytics, collision avoidance systems, and advanced driver assistance systems – play a critical role in advancing safety, and we are exploring multiple options. Our Technology for Safety Forum is tasked with finding support for, and scaling up of, technology interventions that have the potential to change our safety performance.

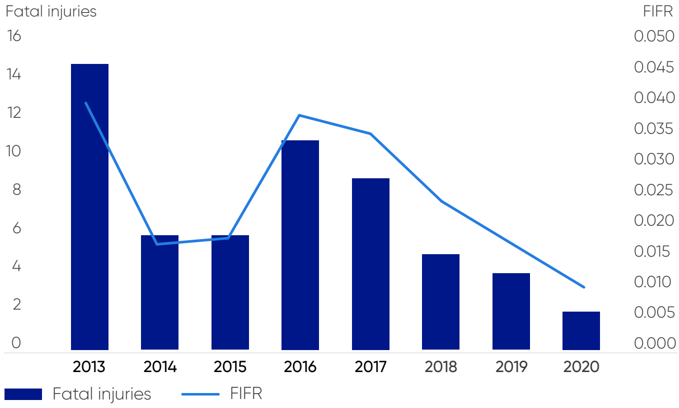
Anglo American's safety, health and environment results affect the performance-based remuneration of all employees in the business, and health and safety targets are included within the annual performance incentives for executive directors and senior management.

Group safety performance

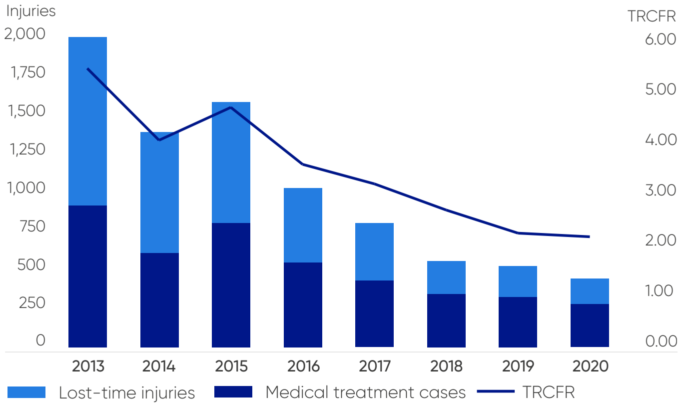
In 2020, we delivered our safest year yet, recording the fewest injuries and lowest injury frequency rates on record. In the first eight months of the year, we experienced zero work-related loss of life incidents at our managed operations, the longest fatal-free period in our 100+ year history. This was a significant achievement, particularly in light of the unforeseen challenges and disruptions brought about by the Covid-19 pandemic, which included temporary operational shutdowns followed by rapid restarts at almost every one of our operations.

Despite our best-ever safety performance, it is with deep sadness that we report the loss of two colleagues in work-related incidents at our managed operations. During September, Jabulane Nkambule and Lindile Manzingi, from Zibulo colliery and Dishaba mine respectively, sustained fatal injuries in separate fall of ground incidents. Our deepest condolences are extended to the family, friends, and colleagues of those we have lost.

Total number of fatal injuries and fatal injury frequency rate 2013–2020



Lost-time injuries, medical treatment cases and total recordable case frequency rate 2013–2020



Three people were also fatally injured in separate incidents at our independently managed joint operations. We mourn the loss of Joao Abilio Silindane at Kroondal, a business managed by Sibanye-Stillwater, and Dennis Hlengani Mdaka and Johannes Mahlelela at Modikwa mine, managed by African Rainbow Minerals.

Each of these tragic incidents reminds us of the path ahead and the need to redouble our efforts to eliminate fatalities. A thorough investigation has taken place at each of our managed operations to identify the causes of the incidents and to share lessons learned across the Group, with the aim of preventing repeat or similar incidents.

In 2020, we recorded 444 occupational injuries requiring medical treatment, 15% fewer than in 2019 (2019: 529), improving our total recordable case frequency rate (TRCFR) by 3% to 2.14 (2019: 2.21). The improvement in our lost-time injury frequency rate (LTIFR) was a nominal 1%, largely due to reduced working hours as a result of Covid-19.

We have achieved this overall reduction in TRCFR and LTIFR through driving leadership accountability, strengthening our culture, and by implementing various operationally targeted safety interventions. These included CEO safety summits with senior leaders from across the business units; instituting minimum mandatory critical controls for common fatal risks; sharing of lessons learned and actions taken from incidents across the organisation; safety stand-downs (voluntary events to pause production and talk with employees about safety) and enhanced reporting and progress tracking of safety improvement initiatives.

Health

In 2020, we had to quickly pivot our robust health work plan to meet the challenges of the pandemic. Around the world, our teams leveraged our resources, skills and expertise to support our employees, their families and communities in safeguarding their health. Our response to Covid-19 is covered below, and in depth on pages 44-45.

Approach and policies

Our overarching approach to health is covered by the SHE Policy and SHE Way, our Safety, Health and Environment management framework. See page 38 for more on this.

Our total health approach

Our total health approach to managing health and wellness is aligned with World Health Organization principles. It covers employee health, the physical work environment, community health, social context and workplace culture. This approach also recognises our responsibility to support the mental health of our people.

Our Workplace Health Standard

In 2020, we published the Workplace Health Standard, expanding the scope of our 2019 Occupational Health Standard. This defines the minimum that needs to be done to effectively manage occupational exposure risk, occupational diseases, occupational injuries, and overall well-being and mental health.

Performance

Responding to Covid-19

Our focus through the pandemic has been to support the lives and livelihoods of our workforce and host communities targeting the health, social and economic effects of the Covid-19 pandemic through our global WeCare response programme. We have continued to pay colleagues who were unable or not required to work during lockdowns and have supported those with personal health circumstances, who cannot return to work while the risk of a Covid-19 contamination persists, and who cannot perform their duties remotely.

We introduced several initiatives through WeCare in 2020. Perhaps the most ambitious of these undertakings was putting in place dedicated Covid-19 testing facilities at our operations, for both our staff and communities. We also introduced or repurposed various technologies to support our employees throughout the crisis. Examples of this include a new self-monitoring feature for our Engage app; tracking Covid-19 cases via our laboratory information management system, TrakCare; contact tracing to identify high risk contacts; and pre-screening visitors to assess their Covid-19 health status before they visit our operations.

Occupational exposure

In 2020, there were 30 reported new cases of occupational disease (2019: 39). We continue to strive to reduce the number of employees exposed to noise and hazards harmful to health; however, we realise that increased efforts must be made and are embarking on a number of initiatives to address this.

Managing HIV and TB

We have been a corporate leader in the fight against HIV/AIDS for more than 20 years. From providing free testing and treatment to all our employees, to making a Group-level policy commitment against stigma and HIV/AIDS discrimination, we have made a significant contribution towards the elimination of HIV and AIDS. In 2016, we aligned our HIV/AIDS targets to UNAIDS 90/90/90 strategy which means that: 90% of our people living with HIV know their HIV status; 90% of those diagnosed with HIV are receiving sustained anti-retroviral therapy; and 90% of those receiving anti-retroviral therapy have viral suppression, meaning the viral load is so low as to be undetectable.

While we have made significant progress since the first two targets were included in our ambitions, Covid-19 continues to have a severe impact on people's ability and willingness to access preventative healthcare. As a result, while 89% of our employees in southern Africa knew their status at year end, this was lower than in the previous year (2019: 94%), and 1% short of our target of 90%. We did, however, meet our second target. In 2020, 233 new cases of HIV were reported, and zero HIV/AIDS-related deaths. This translates into an incidence rate of 0.89%.

For 2020, the TB incidence was 138 per 100,000 compared with 230 per 100,000 in 2019. Although the reasons for the reduction in incidence remain unclear, it may be partly a result of the Covid-19 prevention interventions and good compliance levels on disease management.

Helping our people thrive

We aim to attract the best people in the industry, putting them into the right roles to suit their talents, and serve our business needs – now and into the future. Empowering our employees through professional and personal development opportunities, we give them the support they need to thrive and, by continuously engaging with our employees, we are able to build relationships based on trust. Living our Values, we aim to become an inclusive workplace where everyone – without exception – can bring their full selves to work.

Organisation Model

Our Organisation Model ensures we have the right people in the right roles doing the right value-adding work at the right time, with clear accountabilities minimising work duplication and increasing organisation capability and effectiveness. Along with our Values and our Operating Model, the Organisation Model supports the delivery of positive outcomes through a set of structures, systems and processes. The model creates consistency in how we approach organisational issues, by providing a common language about organisations and management.

A key component of the Organisation Model is leadership and team effectiveness, which touches on all employees. Our structured process streamlines the way work is aligned to business outcomes, assigned and monitored, as well as how feedback is given to teams and individuals. This process, and our TEAM+ tool, promotes active collaboration and collective responsibility through delivering against shared targets and commitments. This approach directly affects approximately 11,000 senior employees.

Our Future of Work programme

Our Future of Work programme involves taking a long term approach to planning for the roles and skills that we will need to fill to operate the mines of the future.

As the pace of change in our industry continues to increase, this organisational capability will enable us to be proactive, giving us a competitive advantage. Our objective is to provide our people with the tools they will need to step up to roles that have evolved, and completely new ones.

The Covid-19 pandemic accelerated the need for new work models, along with many aspects of our Future of Work programme, including remote working and digital learning. We responded by bringing forward changes that we had planned for a three- to five-year timeframe, making them happen over the course of months rather than years. Prioritising the health and safety of our employees, we put in place the infrastructure required to quickly transition to remote/home working in a number of cases, as we reduced activities as needed to comply with regional and local legislation.

Performance management and continuous learning

In today's talent-driven business environment, learning and development are more important than ever. We are meeting these needs through a range of learning experiences that increasingly includes online, virtual and immersive learning, to renew and update the skills and behaviours of our people on an ongoing basis.

Launched in 2019, LEARN+ is our main learning platform. Through a single, user-friendly interface, it makes it easy for our employees and people in our communities to access our growing range of online learning resources.

In 2020, we launched the Technical Academy which, through drawing on expertise from across the business, looks to transform our technical skills and capabilities using the latest approaches, from immersive technologies to scenario-based training, to create uniquely engaging learning content.

In 2020, Anglo American spent $62 million on training, a 31% decrease, largely due to the impact of Covid-19-related restrictions.

An inclusive and diverse environment

Our goal is to create an inclusive workplace where every colleague can bring their whole self to work. We still have much to do, and it will take time. But our actions to date demonstrate our commitment to these ideals. We have a robust policy framework and activities ranging from colleague networks, apprenticeships, a Global mentoring programme and a zero-tolerance approach to bullying, harassment and victimisation.

Diversity performance
We report on our gender pay gap in our UK operations, in line with legislative requirements. As of 4 April 2020, our UK average (mean) gender pay gap for Anglo American Services (UK) Ltd was 47% and our median pay gap was 36%. This was primarily due to the high representation of men in the most senior management roles in our UK head office – an issue mirrored across our sector, and one that we are committed to addressing.

We continue to make progress against our gender representation goal of 33% female representation by 2023 at all management levels, in every business unit and Group function. In 2020, we began monitoring our talent pools by gender to ensure we are identifying talented women in our pipeline.

We have set a similar target for 33% of our Group Management Committee and those reporting to the committee to be women by 2023. The proportion of women at this level grew to 27% (2019: 24%). The percentage of female employees across our organisation has also grown from 21% in 2019 to 23% in 2020.

At year end, the proportion of our permanent employees aged under 30 was 10%, 70% aged between 30 and 50, and the remaining 20% over 50 years of age.

In South Africa, historically disadvantaged South Africans held 68% of our management positions.

Employee engagement and workplace relations
We recognise that there are many different aspects to employee engagement. These include our success in building a diverse and inclusive working environment, and the steps we take to engage employees directly.

Established in 2019, our Global Workforce Advisory Panel helps the Board to better understand the views of our workforce, in line with the recommendations of the UK Corporate Governance Code. The Panel is made up of employee representatives from each country where we have a significant presence, and is chaired by our senior independent director, Byron Grote.

In 2020, we shared the results and Groupwide actions from the global employee engagement survey undertaken in 2019 with all colleagues and the Board. Almost 39,000 employees answered questions in the survey, which covered culture and values, safety, strategy and purpose, leadership, inclusion and diversity. The survey suggested an employee engagement score of 83%.

Our employee voluntary turnover rate for the year was 1.5% (2019: 2.3%). New hires represented 11% of our permanent employees in 2020, in line with the prior year.

Supporting labour rights
We have signed the United Nations Global Compact, and our Human Rights Policy commits us to the labour rights principles set out in the core conventions of the International Labour Organization. These include the right to freedom of association and collective bargaining, non-discrimination, and the eradication of child and forced labour.

Our Responsible Sourcing Standard stipulates that all suppliers shall respect all labour and human rights throughout their own value chain.

In 2020, approximately 70% of our permanent workforce was represented by worker organisations and covered by collective bargaining agreements. There were no recorded incidents of industrial action lasting more than one week in 2020 at our managed operations.

There were no reported incidents of under-age or forced labour at our operations during 2020.

Building a purpose-led culture

We expect our employees and business partners to behave ethically, always. We expect them to consistently show care and respect for colleagues, communities and the environment in which we operate. These expectations are at the heart of our culture and are embedded in our Code of Conduct and Business Integrity Policy.

Our Code of Conduct is a single point of reference for everyone associated with us, providing a comprehensive understanding of our policies and procedures. It sets out how we behave in line with our Values, and how we live our Purpose of *re-imagining mining to improve people's lives*. In 2020, we carried out a review of our Code of Conduct, resulting in a small number of minor refinements.

Business integrity
Our Business Integrity Policy sets out the standards of conduct we require at every level within our business – including our subsidiaries and managed joint operations – in combating all types of corrupt behaviour. As of 2020, industry associations of which we are a member are also required to adhere to the Policy requirements, or have comparable standards.

We conducted face-to-face business integrity training for more than 300 of our higher-risk staff, on topics such as interacting with public officials and the use of intermediaries. A further 8,000 employees underwent Code of Conduct training online.

We engage with our industry on business ethics in order to both share and learn from best practices. We are also a member of the board of the Extractive Industries Transparency Initiative (EITI).

Benchmarking anti-corruption initiatives
We have increased our collaboration with Transparency International's Corporate Anti-Corruption Benchmark, and played a more active role in transparency programmes. The recommendations from the resulting report confirmed that our current initiatives and resources are being applied in the right areas to drive improvement.

In 2020, we embarked on a number of new initiatives, correlating with Transparency International's benchmarking exercises for 2019 and 2020. We developed and implemented mechanisms to bolster our responsibilities regarding the implementation of our Group policies and monitoring and reporting of compliance. Such initiatives included enhancing our Group compliance management system and our intermediary risk management process.

Whistleblowing
YourVoice is our confidential reporting service for employees, contractors, suppliers and other stakeholders, using a reporting platform provided by an independent multilingual whistleblowing service provider. It enables stakeholders to raise concerns about potentially unethical, unlawful or unsafe conduct or practices that conflict with our Values and Code of Conduct.

During 2020, we received 614 reports through YourVoice, a 22% increase from 2019. Of the 614 reports received, 78% were closed-out in 2020, with a 31% substantiation rate. Appropriate actions were taken against allegations substantiated in accordance with our policies.

The Covid-19 pandemic has given rise to an increase in domestic and gender-based violence, with South Africa being particularly badly affected. In consequence, we have extended our efforts to end all types of violence beyond the mine gate and to playing our part in providing support to employees' family members in our host communities.

Tackling gender-based violence

In November 2019 – well before the onset of the Covid-19 pandemic – we announced measures to address gender-based violence (GBV) at work, homes, schools and mining communities.

In early 2020, as the effects of the pandemic on domestic violence globally were becoming clearer, we started working on a plan to address Covid-19-related risks and impacts. It became increasingly obvious to us that we needed to rapidly scale up our response, particularly in South Africa which already had a high GBV incident rate and where the lockdowns were among the most stringent in the world.

Getting the project up and running in South Africa demanded a multi-pronged approach, including:

- We immediately used every channel at our disposal to communicate how those who found themselves in harm's way could access support such as police, legal, medical, and counselling help.
- The clinical associates we deployed to conduct Covid-19 screening became our eyes and ears to identify and refer cases of domestic abuse.
- Through the Anglo American Foundation, we secured R3.6 million to support shelters in our mining communities with basic and Covid-19-related needs, such as personal protective equipment (PPE), in partnership with the National Shelter Movement. De Beers donated an additional $200,000 to support shelters in southern Africa and Canada. Our business units went even further by helping with infrastructure improvements and capacity building.
- Our PGMs business revised its sexual harassment investigation process and employee assistance programme and enhanced its support to victims of GBV. A buddy system, in which no woman will ever work without another woman, is being strictly enforced. Coal South Africa now includes a module on GBV and harassment in its induction programmes, and has ramped up bullying, harassment and victimisation training, along with making physical changes in the workplace.
- We have completed an update of our policies and procedures relating to GBV and sexual harassment. This aligns our processes with the Group Bullying, Harassment and Victimisation Policy, as well as with International Labour Organization Convention 190, which represents one of the most progressive approaches to addressing workplace violence and harassment.

Domestic violence is recognised globally as a significant human rights violation and public health concern. It was imperative, therefore, to extend our efforts to end violence beyond the mine gate and play our part in providing support to employees' family members and others in our host communities – and, in turn, strengthening our capacity within our own business to help realise the UN's vision of safe spaces for all.

Already, we are seeing significant emotional shifts in behaviour. Leaders have opened up about their own experiences, while employees are openly talking about the issue, demonstrating that we are moving beyond gender-based violence being a taboo subject. There has also been an increase in cases reported, which we believe is because people now feel safe to speak up.

Capital allocation

A strong focus on capital discipline

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation: sustaining capital to maintain asset integrity (including Reserve Life); then the base dividend to our shareholders, determined on a 40% underlying earnings-based payout ratio; while ensuring a strong balance sheet. Based on a balanced approach, and considering carefully our Sustainable Mining Plan, particularly in relation to addressing the challenges of climate change as a key lens, discretionary capital is then either allocated to growth investments or upgrades to our portfolio. Discretionary investments are subject to a demanding risk framework and must meet our stringent value criteria, after which excess capital is considered for additional returns to shareholders.

Disciplined capital allocation throughout the cycle is critical to protecting and enhancing returns for our shareholders' invested capital, given the long term and capital-intensive nature of our business. Our aim is to provide a balanced offering of a strong balance sheet, which reduces risk and creates opportunity for counter-cyclical investment, attractive shareholder returns and value-adding disciplined growth.

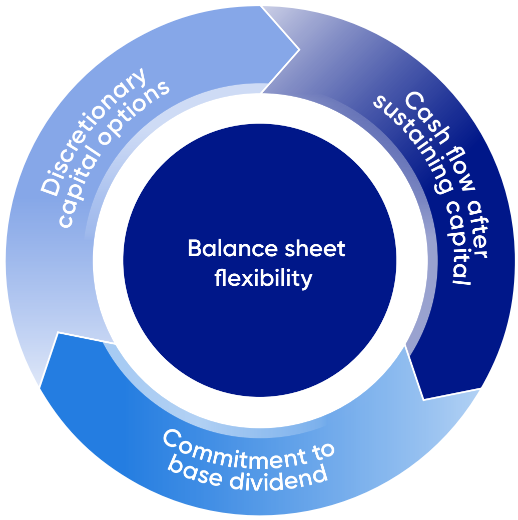
During 2020, our focus was on continuing to improve our competitive position, progressing the construction of our Quellaveco copper project in Peru, and completing the acquisition of Sirius Minerals Plc, while also re-phasing certain capital projects in light of Covid-19-related disruption. We will continue to allocate the appropriate capital across our portfolio of assets, to both sustain our business and to protect and enhance value.

Balance sheet flexibility

Our capital allocation framework is underpinned by our strong balance sheet, which allows us to deliver on our commitment to base dividends and enables value-accretive discretionary capital allocation through the cycle. Our near term objective is to ensure the Group's net debt/underlying EBITDA ratio does not exceed 1.5x, at the bottom of the cycle, without there being a clear plan to recover.

Net debt at 31 December 2020 was $5.6 billion (2019: $4.6 billion), resulting in a net debt/underlying EBITDA ratio of 0.6x, lower than our target ratio. The $0.9 billion increase in net debt was driven by inventory increases at PGMs and De Beers, expected to be released during 2021 and 2022. Sustaining attributable free cash inflows of $2.7 billion were used towards growth capital expenditure of $1.4 billion, dividends paid to Anglo American plc shareholders of $0.9 billion, the acquisition of Sirius Minerals Plc (including debt acquired) of $0.7 billion and completion of the share buyback programme announced in July 2019, of $0.2 billion.

Group liquidity levels remained conservative, with $7.5 billion of cash (2019: $6.3 billion) and $10.0 billion of undrawn committed facilities (2019: $8.7 billion). The weighted average maturity on outstanding bonds increased to 6.3 years (2019: 4.5 years). During the first half of 2020, S&P Global Ratings and Moody's Investors Service both reaffirmed the Group rating of BBB and Baa2 respectively; however, Moody's Investors Service placed the Group on negative outlook, primarily due to perceived potential impacts of Covid-19 on the sector and multiple downgrades to the South African sovereign credit rating.



Discretionary capital options

Portfolio upgrade	Future project options	Additional shareholder returns

Sustaining capital

We continue to focus on capital discipline and sustaining capital efficiency, while maintaining the operational integrity of all our assets. Sustaining capital comprises stay-in-business, capitalised development and stripping, and life-extension expenditure, less the proceeds from disposals of property, plant and equipment. For 2021–2023, we expect sustaining capital expenditure to be within a range of $3.7–4.2 billion per annum, consisting of $3.0 billion of baseline sustaining capital and $0.7–0.9 billion in attractive life-extension projects, primarily at our iron ore, diamonds and PGMs assets, and pre-investing for future growth at the Collahuasi copper joint operation through the construction of a desalination plant ($0.3 billion (Anglo American 44% share) in each of 2022 and 2023). Our longer term guidance on stay-in-business and stripping expenditure is $3.0 billion per annum, plus additional life-extension investments as approved.

In July 2020, the Board approved the development at Kumba Iron Ore of a new pit, Kapstevel South, and associated infrastructure at Kolomela to help sustain a higher output of c.13 Mtpa and extend the remaining life of mine to 2032. Pit establishment and waste stripping are commencing in 2021, with first ore expected in 2024.

Commitment to base dividends

Our clear commitment to a sustainable base dividend remains a critical part of the overall capital allocation approach and is demonstrated through our dividend policy of a 40% payout ratio based on underlying earnings, paid each half year.

Our dividend policy provides shareholders with increased cash returns upon improvement in product prices, while retaining balance sheet flexibility during periods of weaker pricing. The Group paid dividends of $0.6 billion in May 2020 (in relation to second half 2019 underlying earnings), and $0.3 billion in September 2020 (in relation to first half 2020 underlying earnings). In line with the policy, the Board proposes a final dividend of 40% of second half underlying earnings, equal to $0.72 per share, bringing the total dividends paid and proposed in respect of 2020 to $1.00 per share.

Discretionary capital options

Strict value criteria are applied to the assessment of Anglo American's portfolio of future growth options. For major greenfield projects, we will sequence their development and we will consider including partners where appropriate. The Group will continue to maintain optionality to progress with value-accretive projects.

In the first quarter of 2020, the Group returned $0.2 billion to shareholders via an on-market share buyback programme, completing the $1 billion share buyback programme which commenced in July 2019. The programme was executed at a weighted average price of £18.96.

Strong progress continues at Quellaveco, with the project currently tracking on schedule, despite the impact of Covid-19-related disruptions, with execution having been well ahead of schedule prior to the pandemic, and all applicable milestones achieved. The Group's share of capital expenditure in 2020 was $0.8 billion. We expect our share to increase to $0.8–1.0 billion in 2021. The Group has further approved, in February 2021, the construction of a coarse particle recovery plant at Quellaveco. This technology will initially allow retreatment of coarse particles from flotation tailings to improve recoveries by c. 3% on average over the life of the mine. Commissioning of the new plant is expected in 2022.

We continue to progress studies on organic growth opportunities to improve the existing business. For example, expansion options are currently under way for the Mogalakwena PGMs complex and the Collahuasi copper joint operation, as well as a pre-feasibility study for the expansion of the Moranbah-Grosvenor coal handling and preparation plant to increase capacity by 4–6 Mtpa.

In line with our FutureSmart Mining™ programme, the Group is also investing $0.2–0.5 billion per annum of discretionary capital in technology and innovation-related initiatives to drive improvements across our existing portfolio of assets.

In 2020, our portfolio management strategy stayed focused on continuously improving asset quality and our competitive position to ensure we have a business that delivers sustainable free cash flows and returns to our shareholders. In this regard, in 2020, the Group commenced, or completed, a number of transactions.

In the first half of 2020, we completed the acquisition of Sirius Minerals Plc, which has been developing a major new polyhalite project in the UK. Anglo American is continuing to develop the Woodsmith project in the north east of England to access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing potassium, sulphur, magnesium and calcium. The polyhalite ore will be granulated at a materials handling facility to produce a fertiliser product – known as POLY4 – that will be exported to a network of customers in overseas markets from our dedicated port. The integration of the Woodsmith project into Anglo American is ongoing, with a technical review on track to be completed by mid-2021.

In May 2020, we confirmed our plans to work towards an exit from our remaining thermal coal operations in South Africa, with a demerger being our likely preferred exit option, with a primary listing on the Johannesburg Stock Exchange for the demerged business. We are making good progress to prepare the operations as a stand-alone business. We will continue to consider other exit options as we engage with stakeholders as part of our commitment to a responsible transition.

In December 2020, we completed the transaction to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia, through the sale of a 12% interest in Grosvenor mine to the minority joint operation participants in Moranbah North.

The Group also received $0.2 billion of deferred consideration in respect of previous divestments by PGMs.

Group capital expenditure

Capital expenditure increased to $4.1 billion for the year (2019: $3.8 billion), with rigorous capital discipline continuing to underpin the planning and execution of all projects.

Sustaining capital expenditure decreased to $2.6 billion (2019: $3.0 billion), driven by reduced stripping and development expenditure, principally at De Beers and Metallurgical Coal, completion of the life-extension investment at the Khwezela thermal coal mine in South Africa, favourable foreign exchange rates, and deferrals as a result of Covid-19-related restrictions.

Growth capital expenditure increased to $1.4 billion (2019: $0.8 billion), owing to increased expenditure at Quellaveco of $0.8 billion, net of Mitsubishi funding (capital expenditure on a 100% basis at Quellaveco was $1.3 billion), and at the Woodsmith project of $0.3 billion.

We expect total capital expenditure to increase to between $5.7-6.2 billion per annum in 2021 and 2022.

Capital expenditure

$ million	2020	2019
Stay-in-business	1,566	1,656
Development and stripping	769	976
Life-extension projects	296	358
Proceeds from disposal of property, plant and equipment	(7)	(8)
Sustaining capital	2,624	2,982
Growth projects	1,438	847
Total	4,062	3,829
Capitalised operating cash flows	63	11
Total capital expenditure	4,125	3,840

Managing risk effectively

The effective management of risk is integral to good management practice and fundamental to living up to our Purpose and delivering our strategy. By understanding, prioritising and managing risk, Anglo American safeguards our people, our assets, our legal position, our Values and reputation and the environment, and identifies opportunities to best serve the long term interest of all our stakeholders. As understanding our risks and developing appropriate responses are critical to our future success, we are committed to an effective, robust system of risk identification, and an effective response to such risks, in order to support the achievement of our objectives.

How does risk relate to our strategy?

Risks can arise from events outside of our control or from operational matters. Each of the risks described on the following pages can have an impact on our ability to deliver our strategy.

Viability statement

Context

An understanding of our business model and strategy is key to the assessment of our prospects. Our strategy is to:

- Secure, develop and operate a portfolio of high quality and long life assets that deliver sustainable shareholder returns
- Implement an innovation-led approach to sustainable mining from discovery to delivering products to customers
- Create an inclusive and diverse working environment to encourage and support a high performance culture and innovative thinking.

Details of our business model are found on pages 10-11 and more on our strategy is provided on page 8.

Restrictions on the Group's operations from Covid-19 peaked during the first half of 2020, significantly easing thereafter following effective adoption of Covid-19-safe working practices by the Group, which were strengthened by our working with host governments. Although price performance and volatility showed significant variation across our diversified product portfolio in 2020, the Group's realised basket price across all commodities exceeded the prior year's, though ongoing geopolitical and macro-economic uncertainties are expected to cause continued commodity price volatility. Against that background, the Board maintains a cautious appetite for major new projects and investments – and with the proviso that they should be world class orebodies and can demonstrate clear potential to benefit from competitive cost positions and long reserve lives. Large greenfield projects are likely to be considered for syndication with other investors at the appropriate stage of a project's development, and for value, as a means of reducing our risk profile and capital requirements.

The assessment process and key assumptions

Assessment of the Group's prospects is based upon the Group's strategy, its financial plan and principal risks. During 2020, the focus was on taking steps to ensure Covid-19-safe working environments, driving efficiencies through the operations and upgrading the quality of our portfolio in order to improve cash flow generation, strengthening the balance sheet and creating sustainable value through disciplined allocation of capital.

A financial forecast covering the next three years is prepared based on the context of the strategic plan and is reviewed on a regular basis to reflect changes in circumstances. The financial forecast is based on a number of key assumptions, the most important of which include product prices, exchange rates, estimates of production, production costs and future capital expenditure. In addition, the forecast does not assume the renewal of existing debt or the raising of new debt. A key component of the financial forecast and strategic plan is the life of mine plans created for each operation, providing expected annual production volumes over the anticipated economic life of mine.

The principal risks are those that we believe could prevent the Group from delivering its strategic objectives. A number of these risks are deemed catastrophic to the Group's prospects, including the impacts of a tailings dam failure, fire and slope wall failure risks, and have been considered as part of the Group's viability.

Assessment of viability

The assessment of viability has been made with reference to the Group's current position and expected performance over a three-year period, using budgeted product prices and expected foreign exchange rates. Financial performance and cash flows have then been subjected to stress and sensitivity analysis over the three-year period using a range of severe, but plausible scenarios. Scenarios were selected for stress testing based upon an assessment of the Group's principal risks, and each includes a risk deemed catastrophic to the Group. The scenarios tested include:

- Product price reductions of up to 20% from budget prices over three years, with no offsetting foreign exchange rate improvement
- Operational incidents that have a significant impact on production at key sites in the Group
- The impact of a cyber attack upon the Group's key information technology systems
- Technology developments affecting demand for diamonds
- Technology developments in the automobile industry affecting demand for PGMs
- The impact of a reduction in water supply in Chile, being a physical risk associated with climate change
- The impact of Covid-19 upon the Group's operations.

The Group's liquidity (defined as cash and undrawn committed facilities) was $17.5 billion at 31 December 2020. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis. However, if these scenarios were to materialise, the Group also has a range of additional options that enable us to maintain our financial strength, including reducing capital expenditure, the sale of assets, raising debt or reducing the dividend.

Viability statement

The directors confirm they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due for the next three years. This period has been selected for the following reasons:

- The Group's strategy and budgeting process is aligned with a three-year view
- The volatility in commodity markets makes confidence in a longer assessment of prospects highly challenging.

Emerging risks

We define an emerging risk as a risk that may become a principal risk in time but is not expected to materialise in the next five years.

Emerging risks that are currently being monitored are:

- Failure to replace Ore Reserve depletion in key business units through exploration, projects or acquisitions
- Liabilities incurred as a result of environmental impairments
- Failure to deliver certain elements of the Sustainable Mining Plan could cause reputational damage, threaten the organisation's licence to operate, affect future growth, and may also result in increased costs and a negative effect on the Group's financial results
- Unexpected mine-closure liabilities that have the potential to increase costs.

The above risks are closely monitored and actively managed to minimise their threat.

Principal risks

We define a principal risk as a risk or combination of risks that would threaten the business model, future performance, solvency or liquidity of Anglo American. In addition to these principal risks, we continue to be exposed to other risks related to currency, inflation, community relations, environment, litigation and regulatory proceedings, changing social expectations, infrastructure and human resources. These risks are subject to our normal procedures to identify, implement and oversee appropriate mitigation actions, supported by internal audit work to provide assurance over the status of controls or mitigating actions. These principal risks are considered over the next three years as a minimum, but we recognise that many of them will be relevant for a longer period.

For more on principal risks
See pages 54-57

Catastrophic risks

We also face certain risks that we deem catastrophic risks. These are very high severity, very low likelihood events that could result in multiple fatalities or injuries, an unplanned fundamental change to strategy or the way we operate, and have significant financial consequences. We do not consider likelihood when assessing these risks, as the potential impacts mean these risks must be treated as a priority. Catastrophic risks are included as principal risks.

For more on catastrophic risks
See page 54

Risk appetite

We define risk appetite as 'the nature and extent of risk Anglo American is willing to accept in relation to the pursuit of its objectives'. We look at risk appetite from the context of severity of the consequences should the risk materialise, any relevant internal or external factors influencing the risk, and the status of management actions to mitigate or control the risk. A scale is used to help determine the limit of appetite for each risk, recognising that risk appetite will change over time.

If a risk exceeds appetite, it will threaten the achievement of objectives and may require a change to strategy. Risks that are approaching the limit of the Group's risk appetite may require management actions to be accelerated or enhanced to ensure the risks remain within appetite levels.

For catastrophic and operational risks, our risk appetite for exceptions or deficiencies in the status of our controls that have safety implications is very low. Our internal audit programme evaluates these controls with technical experts at operations and the results of that audit work will determine the risk appetite evaluation, along with the management response to any issues identified.

For more on the risk management and internal control systems and the review of their effectiveness
See pages 121-122

Summary

Our risk profile evolved in 2020, largely as a result of the Covid-19 pandemic, which continues to have a significant impact on global society. No new significant risks were identified as a result of the pandemic; however, the likelihood and/or severity of a number of existing unwanted events that could impact Anglo American was reassessed. We elevated pandemic health risk to a principal risk in early 2020 as a result of the emerging Covid-19 threat.

Our catastrophic risks are the highest priority risks, given the potential consequences.

Principal risks

1. Catastrophic risks

We are exposed to the following risks we deem as potentially catastrophic: tailings dam failure; slope wall failure; mineshaft failure; and fire and explosion.

Root cause: Any of these risks may result from inadequate design or construction, adverse geological conditions, shortcomings in operational performance, natural events such as seismic activity or flooding, and failure of structures or machinery and equipment.

Impact: Multiple fatalities and injuries, damage to assets, environmental damage, production loss, reputational damage and loss of licence to operate. Financial costs associated with recovery and liability claims may be significant. Regulatory issues may result and community relations may be affected.

Mitigation: Technical standards exist that provide minimum criteria for design and operational performance requirements, the implementation of which is regularly inspected by technical experts. Additional assurance work is conducted to assess the adequacy of controls associated with these risks.

Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: These very high impact but very low frequency risks are treated with the highest priority.

Pillars of value:

2. Product prices

Global macro-economic conditions leading to sustained low product prices and/or volatility.

Root cause: The most significant factors contributing to this risk at present are the impacts of government imposed lockdowns to manage the Covid-19 pandemic and associated increased levels of public debt; a future global pandemic or major health crisis; a fiscal crisis in a key economy or economic bloc; and armed conflict or terrorist event.

Impact: Low product prices can result in lower levels of cash flow, profitability and valuation. Debt costs may rise owing to ratings agency downgrades and the possibility of restricted access to funding. The Group may be unable to complete any divestment programme within the desired timescales or achieve expected values. The capacity to invest in growth projects is constrained during periods of low product prices – which may, in turn, affect future performance.

Mitigation: Maintaining a conservative balance sheet and proactive management of debt facilities and the delivery of cash improvement and operational performance targets are the key mitigation strategies for this risk. Regular updates of economic analysis and product price assumptions are discussed with executive management and the Board.

Risk movement: Increased since 2019.

Risk appetite: Operating within the limits of our appetite.

Commentary: We believe macro-economic uncertainty has increased, primarily as a result of the Covid-19 pandemic. This may result in price volatility in the products mined, and marketed, by Anglo American.

Pillars of value:

3. Cyber security

Loss or harm to our technical infrastructure and the use of technology within the organisation from malicious or unintentional sources.

Root cause: The frequency and sophistication of attempted criminally motivated cyber attacks is increasing.

Impact: Theft or loss of intellectual property, financial losses, increased costs, reputational damage and operational disruption.

Mitigation: We have a dedicated Global Information Management Security team with appropriate specialist third-party support to oversee our network security. We have achieved UK Cyber Essentials Certification and an ongoing cyber awareness programme is in place across the Group.

Risk movement: Increased since 2019.

Risk appetite: Operating within the limits of our appetite.

Commentary: Cyber security risk was reassessed and was deemed to have increased in 2020, owing to the greater sophistication and frequency of attempted cyber attacks. During 2020, we further strengthened our control environment. Our controls responded as planned and no cyber attack attempt resulted in negative impacts for Anglo American.

Pillars of value:

Pillars of value:
Safety and health
Socio-political
Production
Financial
Environment
People
Cost

4. Safety

Failure to eliminate fatalities.

Root cause: Fatalities may result from operational leaders, employees and contractors failing to apply safety rules and hazard identification, including non-compliance with critical controls.

Impact: A fatal incident is devastating for the bereaved family, friends and colleagues. Over the longer term, failure to provide a safe working environment will threaten our licence to operate.

Mitigation: All operations continue to implement safety improvement plans, with a focus on: effective management of critical controls required to manage significant safety risks; learning from high potential incidents and hazards; embedding a safety culture; and leadership engagement and accountability. Our Elimination of Fatalities Taskforce oversees targeted improvement initiatives to further improve safety performance.

Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: While we continue to see an overall improvement in our safety performance, during 2020 there were two work-related fatalities in our managed operations, compared with four in 2019. This is still an unacceptable level and management remains fully committed to the elimination of fatalities.

Pillars of value:

5. Climate change

Climate change is one of the defining challenges of our era and our commitment to being part of the global response presents both risks and opportunities.

Root cause: We are committed to the ongoing realignment of our portfolio in a responsible manner; however, different stakeholder expectations continue to evolve and are not always aligned. Long term demand for the metals and minerals produced and marketed by Anglo American may deviate from current assumptions. Changing weather patterns and an increase in extreme weather events may impact operational stability and our local communities. Our carbon emission reduction targets are partly reliant on new technologies that are at various stages of development.

Impact: Potential loss of stakeholder confidence leading to negative impact on value, cash flow and profitability. Operational disruption in the event of extreme weather events. Long term demand for metals and minerals mined and marketed by Anglo American may deviate from assumptions based on societal demands for climate change abatement. We may fail to achieve carbon reduction targets in the event that new technologies are not effective or embedded in our operations.

Mitigation: We have articulated our climate change plans, policies and progress and engage with key stakeholders to ensure they understand them. Our Sustainable Mining Plan includes operation-specific and Group targets for reductions in carbon emissions, power and water usage.

Risk movement: Increased since 2019.

Risk appetite: Operating within the limits of our appetite.

Commentary: For more information on our Sustainable Mining Plan and climate change policy, see pages 35-37, and for further information on how we engage with key stakeholders, see page 13.

Pillars of value:

6. Operational stability

Unplanned operational stoppages impacting production and profitability.

Root cause: Failure to implement and embed our Operating Model, maintain critical plant, machinery and infrastructure and operate in compliance with Anglo American's Technical Standards will affect our performance levels. We are also exposed to risks of interruptions of power supply and the failure of third-party owned and operated infrastructure, e.g. rail networks and ports. Our operations may also be exposed to natural catastrophes and extreme weather events.

Impact: Inability to achieve production, cash flow or profitability targets. There are potential safety-related matters associated with unplanned operational stoppages, along with a loss of investor confidence.

Mitigation: Implementation of our Operating Model and compliance with Technical Standards, supported by operational risk management and assurance processes, is the key mitigation against this risk. Regular tracking and monitoring of progress against the underlying EBITDA targets is undertaken.

Risk movement: Increased since 2019.

Risk appetite: Operating within the limits of our appetite.

Commentary: During 2020, there were two material unplanned operational incidents in our Metallurgical Coal business in Australia and one material unplanned operational incident in our PGMs business in South Africa.

Pillars of value:

Principal risks continued

7. Pandemic

Large scale outbreak of infectious disease increasing morbidity and mortality over a wide geographic area.

Root cause: Human population growth, urbanisation, changes in land use, loss of biodiversity, exploitation of the natural environment, viral disease from animals and increased global travel and integration are all contributory causes of health pandemics.

Impact: As has been witnessed by the Covid-19 pandemic, widespread consequences include the physical and mental health and well-being of our people and local communities; economic shocks and disruption; social unrest; an increase in political stresses and tensions, a rise in criminal acts that could impact Anglo American and the potential for increased resource nationalism.

Mitigation: Anglo American actively monitors global pandemic-potential diseases. In the event of a pandemic, our Group Crisis Management Team is activated at an early stage to direct the Group's response, prioritising the well-being of our people, their families and host communities, and ensuring the continuity of the operations.

Risk movement: Increased since 2019.

Risk appetite: Operating within the limits of our appetite.

Commentary: In light of the Covid-19 pandemic, this risk was reclassified as a principal risk in 2020.

Pillars of value:

8. Political and regulatory

Uncertainty and adverse changes to mining industry regulation, legislation or tax regimes can occur in any country in which we operate.

Root cause: The Group has no control over political acts, actions of regulators, or changes in local tax regimes. Our licence to operate through mining rights is dependent on a number of factors, including compliance with regulations.

Impact: Uncertainty over future business conditions leads to a lack of confidence in making investment decisions, which can influence future financial performance. Increased costs can be incurred through additional regulations or resource taxes, while the ability to execute strategic initiatives that reduce costs or divest assets may also be restricted, all of which may reduce profitability and affect future performance. Political instability can also result in civil unrest and nullification or non-renewal of existing agreements, mining permits, sales agreements or leases. These may adversely affect the Group's operations or performance of those operations.

Mitigation: Anglo American has an active engagement strategy with governments, regulators and other stakeholders within the countries in which we operate, or plan to operate, as well as at an international level. We assess portfolio capital investments against political risks and avoid or minimise exposure to jurisdictions with unacceptable risk levels. We actively monitor regulatory and political developments at a national level, as well as global themes and international policy trends, on a continuous basis. See page 13 for more detail on how we engage with our key stakeholders.

Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: Global economic conditions can have a significant impact on countries whose economies are exposed to commodities, placing greater pressure on governments to find alternative means of raising revenues, and increasing the risk of social and labour unrest. These factors could increase the political risks faced by the Group.

Pillars of value:

Pillars of value:
Safety and health
Environment
Socio-political
People
Production
Cost
Financial

9. Corruption

Bribery or other forms of corruption committed by an employee or agent of Anglo American.

Root cause: Anglo American has operations in some countries where there is a relatively high risk of corruption.

Impact: Potential criminal investigations, adverse media attention and reputational damage. A possible negative impact on licensing processes and valuation.

Mitigation: A comprehensive anti-bribery and corruption policy and programme, including risk assessment, training and awareness, with active monitoring, are in place.

Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: A Group Compliance Committee was established in 2020. Its responsibilities include oversight of the organisation's anti-bribery management system to ensure its continuing suitability, adequacy and effectiveness.

Pillars of value:

10. Water

Inability to obtain or sustain the level of water security needed to support operations over the current life of mine plan or future growth options.

Root cause: Poor water resource management or inadequate onsite storage, combined with reduced water supply at some operations as weather patterns change, can affect production. Water is a shared resource with local communities and permits to use water in our operations are at risk if we do not manage the resource in a sustainable manner.

Impact: Loss of production and inability to achieve cash flow or volume improvement targets. Damage to stakeholder relationships or reputational damage can result from failure to manage this critical resource.

Mitigation: Various projects have been implemented at operations most exposed to this risk, focused on: water efficiency; water security; water treatment; and discharge management; as well as alternative supplies. New technologies are being developed that will reduce water demand.

Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: This continues to be a risk to the majority of our operations. For more information on our Sustainable Mining Plan, see pages 35-36.

Pillars of value:

11. Future demand

Demand for metals and minerals produced and marketed by Anglo American may deviate from our assumptions.

Root cause: Technological developments and/or product substitution leading to reduced demand, growth in the circular economy and shifts in consumer preferences.

Impact: Potential for negative impact on revenue, cash flow, profitability and value.

Mitigation: Regular reviews of production and financial plans, as well as longer term portfolio decisions, are based on extensive research. We monitor new business opportunities in line with our strategy to secure, develop and operate a portfolio of high quality and long life resource assets, from which we will deliver leading shareholder returns. Our businesses invest in marketing and other activities to enhance the inherent value of the products we produce, including building consumer confidence in the ethical provenance of our products.

Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: Anglo American has committed to continuing to transition our portfolio towards those metals and minerals that enable a greener, cleaner, more sustainable world.

Pillars of value:

Key performance indicators

Pillars of value	Strategic element	Key performance indicators (KPIs)	Target and target achieved	
Safety and health	Innovation People	Work-related fatal injuries[5] ER	Zero harm	✖
		Total recordable case frequency rate (TRCFR)[5] ER	Year-on-year reduction	✔
		New cases of occupational disease (NCOD)[5]	Year-on-year reduction	✔
		HIV/AIDS treatment	90% known status, 90% of HIV-positive employees enrolled in HIV disease management programme	»
Environment	Innovation	Energy consumption[5][6]	8% saving on the 2020 business-as-usual plan	✔
		Greenhouse gas (GHG) emissions[5][7] ER	22% saving on the 2020 business-as-usual plan	✔
		Total water withdrawals[8]	Reduce the withdrawal of fresh water by 20% by 2020	✖
		Level 4-5 environmental incidents[5]	Zero Level 4-5 incidents	✔
Socio-political	Innovation	Social Way implementation (based on updated Social Way 3.0 for 2020[5])	Full compliance with the Social Way 3.0 by end 2022	»
People	People	Voluntary labour turnover	< 5% turnover	✔
		Gender diversity ER	33% women in senior management by 2023	»
		South Africa transformation		
Production	Portfolio Innovation	Production volumes Copper equivalent production 2020 vs 2019: (10)%		
Cost	Portfolio Innovation	Unit cost of production Copper equivalent unit cost 2020 vs 2019: (2)% in $ terms		
Financial	Portfolio Innovation	Attributable return on capital employed (ROCE) ER		
		Underlying earnings per share (EPS) ER		
		Attributable free cash flow[10] ER		

Targets key

- ✔ Target met
- » On track/in progress
- ✖ Target not met

See page 96 for footnotes

For full description and calculation methodology see pages 244-245	2016	2017	2018	2019	2020
Number of work-related fatal injuries	11	9	5	4	**2**
TRCFR	3.55	3.17	2.66	2.21	**2.14**
NCOD	111	96	101	39	**30**
% of employees in southern Africa who know their HIV status and % of employees in southern Africa who are HIV positive and enrolled in HIV disease management programmes	88:68	83:84	88:86	94:92	**89:93**
Measured in million gigajoules (GJ)	106	97	84	87	**81**
Measured in million tonnes of CO_2 equivalent emissions	17.9	18.0	16.2	17.7	**16.1**
Measured in million m³	n/a	n/a	n/a	n/a	**209**
Number of Level 4-5 environmental incidents	0	0	1	0	**0**
In 2020, 80% of roll-out milestone targets met[9]	84	88	91	96	**80**
In 2020, 23% of Social Way 3.0 requirements fulfilled (year 1 of transition to new standard)					**23**
Voluntary turnover expressed as % of total permanent employees	2.2	2.3	2.4	2.3	**1.5**
Women as a percentage of senior management (%)	15	18	21	24	**27**
Women as a percentage of total workforce (%)	18	19	20	21	**23**
HDSAs as a percentage of management (%)	62	66	65	65	**68**
De Beers – million carats	27.3	33.5	35.3	30.8	**25.1**
Copper – thousand tonnes	577	579	668	638	**647**
PGMs – thousand ounces (5E+Au)	4,974	5,008	5,187	4,441	**3,809**
Iron ore (Kumba) – million tonnes	41.5	45.0	43.1	42.4	**37.0**
Iron ore (Minas-Rio) – million tonnes (wet basis)	16.1	16.8	3.4	23.1	**24.1**
Metallurgical coal (export coking and PCI) – million tonnes	20.9	19.7	21.8	22.9	**16.8**
Thermal coal (export) – million tonnes	29.7	29.2	28.6	26.4	**20.6**
Nickel – thousand tonnes	44.5	43.8	42.3	42.6	**43.5**
De Beers – $/carat	67	63	60	63	**57**
Copper – c/lb	137	147	134	126	**113**
PGMs – $/PGMs ounce	636	665	709	703	**713**
Kumba – $/tonne	27	31	32	33	**31**
Iron Ore Brazil – $/tonne (wet basis)	28	30	n/a	21	**21**
Metallurgical Coal – $/tonne	51	61	64	63	**86**
Thermal Coal – South Africa – $/tonne	34	44	44	45	**38**
Nickel – c/lb	350	365	361	380	**334**
Group attributable ROCE (%)	11	19	19	19	**17**
Group underlying EPS ($)	1.72	2.57	2.55	2.75	**2.53**
Group attributable free cash flow ($ million)	2,552	4,931	3,140	2,287	**1,209**

ER Executive remuneration
KPIs with this symbol are linked to executive remuneration; for more information, see the Remuneration report on pages 123-147.

Marketplace review

Review of 2020

Covid-19 pandemic hits global economic growth
The spread of Covid-19 and related societal restrictions had a significant negative impact on the global economy in 2020. The IMF estimates a 3.5% decline in global GDP for the year (2019: 2.8% growth). Transport, hospitality, catering and entertainment industries suffered the most in the pandemic. While less impacted by social distancing, manufacturing and logistics sectors were affected by supply chain disruptions, as well as reductions in demand.

In China, commodity demand remained resilient owing to their early containment of the spread of the virus and it was the only major country – and one of only a few countries anywhere – to have delivered positive GDP growth in 2020, estimated by the IMF at 2.3%. Chinese growth was further supported by a strong recovery in exports to the US and other traditional trading partners, as Chinese producers filled the supply gaps left by other Covid-19-hit exporters.

Other regions experienced significant contractions in economic activity, with continued high levels of virus transmission hampering key sectors, and unemployment remaining elevated. In the US, GDP contracted by an estimated 3.4% in 2020; the Eurozone by 7.2%; Latin America by 7.4%; and India by 8.0%. In the countries where we have our major operations, South Africa contracted by 7.5%; Botswana by 9.6%; Chile by 6.0%; Brazil by 4.5%; and Australia by 2.9%. Along with reductions in economic activity, emerging countries also saw weakening currencies against the US dollar. Rising commodity prices helped the South African rand and Chilean peso strengthen against the US dollar over the second half of the year.

Despite the severe effect on demand, prices for a number of Anglo American's products performed better than in 2019. The Covid-19-related disruptions in South Africa, where there is a high concentration of PGMs supply, coupled with the strengthening of emissions regulations in the automotive sector, resulted in a strong PGMs basket price performance, notably for palladium and rhodium. Iron ore also outperformed compared with 2019, supported by strong China steel production and disruptions in Brazilian supply.

Global trade experienced significant challenges in 2020, with tendencies towards regionalisation. US-China trade tensions intensified and trade barriers and sanctions were maintained, weighing on economic growth.

Markets review

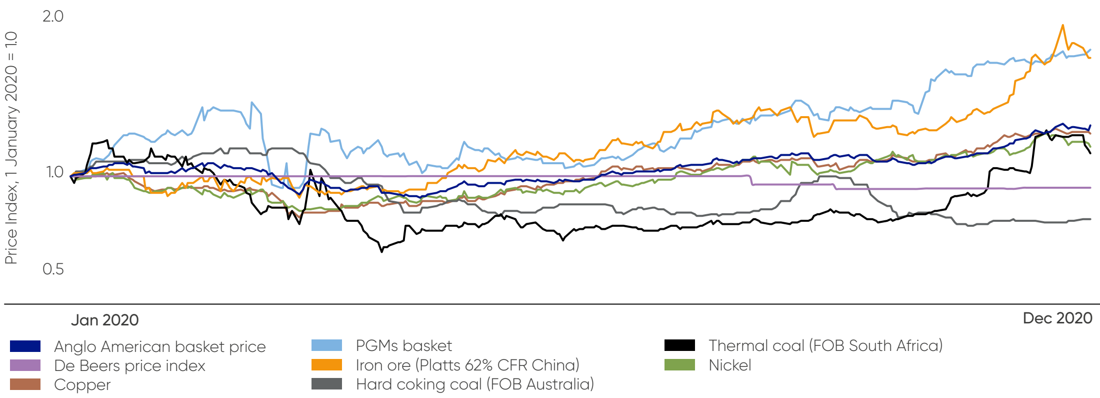
Diamonds
The diamond industry started the year on a positive note as a result of improved consumer demand and retailer stocking at the end of 2019, but as Covid-19-related business and movement restriction led to store and factory closures, the diamond value chain came to a halt in the second quarter. In response, De Beers offered customers flexibility on their pre-agreed allocations which, in turn, led to a decrease in purchases and manufacturing levels at cutting centres. As the year progressed, this action helped to balance inventory levels, as polished diamond manufacturing resumed, cutting and polishing recommenced gradually and the trade prepared for the end of year holiday selling season. These developments supported an improvement in midstream sentiment and rough diamond purchases in the final quarter, as well as firmer polished and rough diamond prices. Overall, these developments contributed to the average rough price index for De Beers diamonds decreasing by 10% in 2020.

The outlook for diamonds continues to be linked to economic growth, consumer sentiment/habits and the evolving public health situation in the main diamond consumer geographies.

Platinum Group Metals (PGMs)
PGM prices performed particularly well in 2020, with palladium and rhodium both reaching record levels. Both metals benefited from tightening vehicle emissions legislation, which led to increased catalytic converter loadings, against a backdrop of low supply availability owing to Covid-19-related mine closures, particularly in South Africa.

Vehicle production, the key end-use sector for PGMs, was severely affected by the pandemic initially but recovered swiftly to pre-pandemic levels in the important Chinese market, while other regions were slower to recover. Platinum demand, which has less exposure to the Chinese auto sector, where the majority of new vehicles are petrol-driven and therefore require palladium and rhodium loaded catalytic converters, recovered less well in the second half of the year. China's relative importance to industrial consumption resulted in a reduced negative impact on this sector globally.

Indexed 2020 prices



Change in average annual price (2020 vs 2019)	
Anglo American	7%
PGMs basket ($)	51%
Iron ore	17%
Copper	3%
Nickel	(1)%
De Beers price index	(10)%
Thermal coal	(10)%
Hard coking coal	(30)%

Source: Anglo American Commodity Research

Palladium prices increased sharply at the start of the year, rising from under $2,000/oz to a record $2,781/oz by mid-February. Although subsequently moderating, prices remained high at the end of the year by historical standards, with 2020 averaging $2,197/oz (2019: $1,539/oz).

Rhodium also had a strong start to the year, rising to above $13,000/oz in February, with renewed momentum in the second half resulting in the metal breaching a new record of $16,000/oz in November, and averaging $11,220/oz for the year as a whole (2019: $3,914/oz).

The platinum price was broadly in line with the prior year, averaging $885/oz compared with $864/oz in 2019.

Total platinum demand, including automotive, industrial, jewellery and investment, declined to 5.4 million ounces (2019: 6.4 million ounces), excluding recycling. Palladium demand reduced to 6.8 million ounces (2019: 8.0 million ounces). Primary supply of platinum decreased by 21% to 4.8 million ounces (2019: 6.1 million ounces), and palladium supply declined by 14% to 6.1 million ounces (2019: 7.1 million ounces).

Base metals

Copper experienced a very different first six months compared to the second half of the year. In the earlier period, refined consumption decreased by around 7%, while supply contracted by 2.5%, leading to a large surplus and the average price falling by 11% to 249 c/lb, compared with the same period in the prior year. In contrast, the second half saw a strong recovery in demand, led by China, while supply remained constrained owing to the continued disruption caused by Covid-19 shutdowns. The copper price was further supported by positive sentiment in the US following Biden's election victory and firmer global decarbonisation commitments – both considered positive for copper demand – and ended the year at 351 c/lb.

Refined copper consumption decreased by 1.3% in 2020, while refined production increased by 1.5%, resulting in a rise in stock levels to 74 weeks of consumption by the end of the year (2019: 64 weeks). Despite this, the average price was slightly higher at 280 c/lb (2019: 272 c/lb).

Global nickel consumption fell by around 4%, primarily driven by a 14% decline in demand from non-stainless steel applications. Stainless steel output decreased by 1.6%, though nickel consumption in stainless steel increased by a marginal 1%. The decrease in demand for the metal resulted in a 16% increase in nickel inventories to 1,537 kt (2019: 1,323 kt). The 1% decrease in the nickel price to 625 c/lb (2019: 632 c/lb) was less marked than expected, mainly due to improved market sentiment on the back of Covid-19 vaccine developments and optimism around growing global governmental support for the decarbonisation agenda.

Bulk commodities

Global crude steel production took a significant hit in the first half of the year in the wake of the coronavirus pandemic. Key steelmaking regions such as Europe, the US and Japan all saw greater than 30% year-on-year declines in steel output, while in April, Indian steelmaking output fell by more than 60%. The steel industry outside of China subsequently began to recover, though significant capacity remained idled late into the year. Meanwhile, China, the world's biggest steel producer, increased output significantly on the back of government stimulus efforts. Overall, global crude steel production is estimated to have fallen by approximately 1% in 2020.

Iron ore showed resilience throughout the pandemic, with the average benchmark CFR China 62% Fe price increasing by 17% to $109/tonne (2019: $93/tonne) and reaching $150/tonne in December. Throughout the year, supply-side factors also contributed to higher prices, including congestion at Chinese ports, maintenance at export facilities and mines in Australia, and significant supply disruptions, primarily due to heavy rainfall in Brazil.

Hard coking coal (HCC) prices averaged $124/tonne on an FOB Australia basis, 30% lower than the prior year (2019: $177/tonne), primarily due to the impact of Covid-19 on demand from steel mills. Lower gas prices and import restrictions in China also impacted thermal coal, with the average FOB South Africa price decreasing by 10% to $65/tonne (2019: $72/tonne).

Outlook

The development of several successful vaccines towards the end of 2020 has given hope that restrictions in many countries can be reduced in 2021, with a consequent recovery in economic activity. Activity may be further boosted by a release of pent-up demand in a number of sectors. The IMF expects a 5.5% expansion in global GDP in 2021.

The Covid-19 crisis has heightened numerous economic challenges, including greater levels of personal and government debt, increased unemployment, disruptions to supply chains and increased inequality. These factors may have a long-lasting impact on global economic output.

Nevertheless, commodity demand is expected to remain supported by urbanisation and industrialisation of emerging economies, population growth, including larger middle classes, and continued upgrading of infrastructure in advanced economies. The increasing momentum behind the decarbonisation agenda is likely to further benefit certain commodities exposed to electrification and technology trends, including copper, nickel and PGMs.

Group financial review

Anglo American's profit attributable to equity shareholders decreased by 41% to $2.1 billion (2019: $3.5 billion). Underlying earnings were $3.1 billion (2019: $3.5 billion), while operating profit was $5.6 billion (2019: $6.2 billion).

Continued strong performances from our Minas-Rio iron ore operation in Brazil and the Collahuasi copper joint operation in Chile helped partly offset the impacts of Covid-19, leading to an overall decrease in production of 10%, on a copper equivalent basis. Covid-19 lockdowns across southern Africa in the first half of the year impacted production at PGMs, Kumba, De Beers and Thermal Coal. In response to the pandemic, comprehensive safeguarding measures were put in place at operations and in partnership with local communities across the business, enabling a return to more normal operating levels in the second half of the year. Production was also affected by operational issues at Metallurgical Coal and strike action at the Cerrejón thermal coal operation. Refined production of PGMs was impacted by an outage at the converter plant in the first half. Consequently, in the second half of the year, copper equivalent production improved by 13% compared with the first half, as lockdowns and restrictions eased and operations were able to sustain around 95% of normal capacity while maintaining Covid-19-related safeguarding measures.

De Beers' rough diamond production decreased by 18% to 25.1 million carats (2019: 30.8 million carats), in response to lower demand due to the pandemic and Covid-19 restrictions in southern Africa during the first half of the year. Diamond demand from the midstream (cutters and polishers of rough diamonds) was affected throughout the year by Covid-19 lockdowns, travel restrictions and retail store closures.

Copper production increased by 1% to 647,400 tonnes (2019: 638,000 tonnes), driven by an 11% increase in attributable production from Collahuasi to a record 276,900 tonnes (2019: 248,800 tonnes) on the back of strong plant performance, reflecting improvement projects implemented in 2019. At Los Bronces, production decreased by 3% to 324,700 tonnes (2019: 335,000 tonnes) due to planned lower grades.

PGMs' production (metal in concentrate) decreased by 14% to 3,808,900 ounces (2019: 4,440,900 ounces), due to Covid-19 restrictions, which reduced operating capacity for most of the second quarter, particularly at underground operations. PGM production was 35% higher in the second half of the year compared with the first, as the operations recovered well from the initial disruption caused by the pandemic. Refining performance had also returned to normal levels by the end of the year with the restart of the rebuilt converter plant (ACP).

At Kumba, iron ore production decreased by 13% to 37.0 Mt (2019: 42.4 Mt), owing to lower workforce levels and logistics constraints due to Covid-19 restrictions, as well as above average rainfall and operational issues at the Sishen crusher and Kolomela plant.

Minas-Rio production increased by 4% to 24.1 Mt (2019: 23.1 Mt), despite a planned one-month suspension for a pipeline inspection. This reflects a strong operational performance as the asset builds towards full capacity, with productivity initiatives supported by robust operational stability.

Metallurgical coal production decreased by 26% to 16.8 Mt (2019: 22.9 Mt), principally owing to the suspension of operations at Grosvenor following a gas ignition incident in May, and challenges at Moranbah North, where a fall of ground in the first quarter and geotechnical challenges towards the end of the year limited longwall progress. Open cut operations were scaled back at Dawson and Capcoal in response to reduced demand for lower quality metallurgical coal.

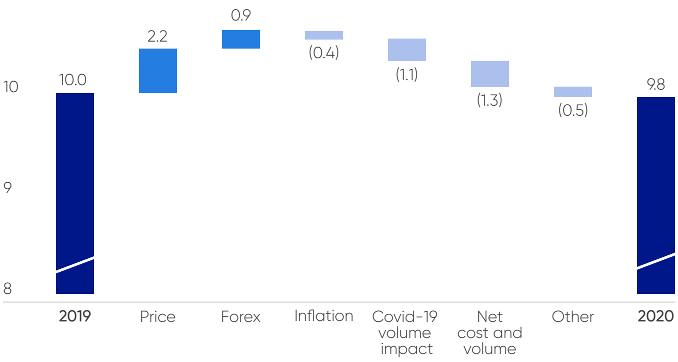
Thermal coal export production decreased by 22% to 20.6 Mt (2019: 26.4 Mt), primarily due to Covid-19 operational restrictions and a three-month industrial action at Cerrejón, which ended in the first week of December.

Nickel's production increased by 2% to 43,500 tonnes (2019: 42,600 tonnes) owing to improved operational stability, while manganese ore production was in line with the prior year at 3.5 Mt.

Group copper equivalent unit costs decreased by 2% in US dollar terms, despite lower production, due to weaker producer currencies and cost saving measures.

Underlying EBITDA◊ reconciliation 2019–2020

$ billion



Financial performance

	2020	2019
Underlying EBITDA◊ ($ billion)	**9.8**	10.0
Operating profit ($ billion)	**5.6**	6.2
Underlying earnings◊ ($ billion)	**3.1**	3.5
Profit attributable to equity shareholders of the Company ($ billion)	**2.1**	3.5
Basic underlying earnings per share◊ ($)	**2.53**	2.75
Basic earnings per share ($)	**1.69**	2.81
Dividend per share ($)	**1.00**	1.09
Group attributable ROCE◊	**17%**	19%

Underlying EBITDA◊

Despite the impact of the Covid-19 pandemic, as well as operational challenges, Group underlying EBITDA decreased by just 2% to $9.8 billion (2019: $10.0 billion). The Group mining EBITDA margin◊ was higher than the prior year at 43% (2019: 42%), due to the increase in the price for the Group's basket of products, favourable exchange rates and cost saving initiatives. A reconciliation of 'Profit before net finance costs and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 2 to the Consolidated financial statements.

Underlying EBITDA◊ by segment

	2020	2019
De Beers	**417**	558
Copper	**1,864**	1,618
PGMs	**2,555**	2,000
Iron Ore	**4,565**	3,407
Coal	**35**	1,832
Nickel and Manganese	**510**	634
Crop Nutrients	**1**	–
Corporate and other	**(145)**	(43)
Total	**9,802**	10,006

The reconciliation of underlying EBITDA, from $10.0 billion in the year ended 31 December 2019 to $9.8 billion in the year ended 31 December 2020, shows the controllable factors (e.g. cost and volume), as well as those outside of management control (e.g. price, foreign exchange, inflation and the impact of the pandemic), that drive the Group's performance.

Price
Average market prices for the Group's basket of products increased by 7% compared to 2019, which served to increase underlying EBITDA by $2.2 billion. The price achieved for the PGMs basket increased by 51%, largely due to rhodium and palladium, which increased by 179% and 46% respectively, while the realised price for iron ore and copper increased by 23% and 10%, respectively. These were partly offset by a 34% reduction in the weighted average realised price for metallurgical coal.

Foreign exchange
The favourable foreign exchange impact on underlying EBITDA of $0.9 billion was due to weaker local currencies in our countries of operation, principally the South African rand, Brazilian real and Chilean peso.

Inflation
The Group's weighted average CPI for 2020 was 2.9%, compared with 3.3% in 2019. This was principally influenced by a decrease in inflation in South Africa. The impact of inflation on costs reduced underlying EBITDA by $0.4 billion.

Covid-19 volume impact
The volume impact of Covid-19-related disruption to production, the supply chain and the impact of reduced diamond demand throughout the year decreased underlying EBITDA by $1.1 billion.

Operational disruptions as a result of the pandemic due to national lockdowns in South Africa and Botswana in the first half of the year, resulted in production levels decreasing to 60% of total capacity in April. The Group's operating assets recovered strongly, however, reaching approximately 90% of capacity by the end of June, and sustaining a consistent level of 95% of normal capacity throughout the second half of the year, while maintaining comprehensive safety measures to help safeguard the lives and livelihoods of our workforce and host communities.

The pandemic also had a major impact on the diamond industry, driving a 45% decrease in rough diamond sales volumes at De Beers in the first half of the year. This was followed by significant improvement in the second half as lockdown restrictions eased in many countries, resulting in an overall 27% decrease in rough diamond sales volumes for the year.

Net cost and volume
The net impact of cost and volume was a $1.3 billion reduction in underlying EBITDA, as the benefit of cost saving initiatives at De Beers, Copper and Thermal Coal and higher volumes at Minas-Rio and Collahuasi were more than offset by operational issues at PGMs and Metallurgical Coal.

Refined production at PGMs was impacted by an outage at the ACP, which reduced refined production by 42% in the year. The rebuilt converter plant was put back into operation ahead of schedule on 24 November 2020.

Metallurgical coal operations were affected by an underground incident at Moranbah North, as well as at Grosvenor, where operations have been suspended since the beginning of May, with the mine currently expected to return to operation in the second half of 2021.

Other
The $0.5 billion decrease in underlying EBITDA was driven by lower earnings at Cerrejón due to lower prices and a three month strike, as well as Victor mine (De Beers) reaching the end of mine life in 2019. Also included are costs of $0.2 billion related to increased rehabilitation provisions across the Group due to lower discount rates, reflecting lower interest rates, principally at Copper.

Underlying earnings◊

Group underlying earnings decreased to $3.1 billion (2019: $3.5 billion), driven by an increase in net finance costs, as well as a 2% decrease in underlying EBITDA and a higher proportion of earnings attributable to non-controlling interests.

Reconciliation from underlying EBITDA◊ to underlying earnings◊

	2020	2019
Underlying EBITDA◊	**9,802**	10,006
Depreciation and amortisation	**(2,752)**	(2,996)
Net finance costs and income tax expense	**(2,745)**	(2,469)
Non-controlling interests	**(1,170)**	(1,073)
Underlying earnings◊	**3,135**	3,468

Depreciation and amortisation
Depreciation and amortisation decreased by 8% to $2.8 billion (2019: $3.0 billion), reflecting the effect of weaker local currencies and lower production at Metallurgical Coal as a result of the operational issues at Moranbah North and Grosvenor.

Net finance costs and income tax expense
Net finance costs, before special items and remeasurements, were $0.8 billion (2019: $0.4 billion). The increase was principally driven by fair value losses on the revaluation of deferred consideration balances at PGMs relating to the Mototolo acquisition, which was completed in November 2018.

The underlying effective tax rate was 31.2% (2019: 30.8%). The underlying effective tax rate in 2020 was impacted by the relative levels of profits arising in the Group's operating jurisdictions. In future periods, the underlying effective tax rate is expected to be in the range of 30% to 33%. The tax charge for the year, before special items and remeasurements, was $1.8 billion (2019: $1.8 billion).

Non-controlling interests
The share of underlying earnings attributable to non-controlling interests of $1.2 billion (2019: $1.1 billion) principally relates to minority shareholdings in Kumba, PGMs and Copper.

Special items and remeasurements

Special items and remeasurements are a net charge of $1.0 billion (2019: net gain of $0.1 billion) and include impairment charges of $0.6 billion at Nickel following a revision of the Group's medium and long term nickel price forecast and $0.1 billion at Coal, as well as deferred tax remeasurements of $0.4 billion, driven by the weaker Brazilian real.

Full details of the special items and remeasurements recorded are included in note 8 to the Consolidated financial statements.

Net debt◊

$ million	2020	2019
Opening net debt◊ at 1 January	**(4,626)**	(2,848)
Underlying EBITDA◊ from subsidiaries and joint operations	**9,284**	9,139
Working capital movements	**(1,534)**	(50)
Other cash flows from operations	**248**	171
Cash flows from operations	**7,998**	9,260
Capital repayments of lease obligations	**(195)**	(272)
Cash tax paid	**(1,606)**	(2,116)
Dividends from associates and joint ventures	**226**	520
Net interest[1]	**(358)**	(334)
Dividends paid to non-controlling interests	**(668)**	(894)
Sustaining capital expenditure[2]	**(2,675)**	(2,993)
Sustaining attributable free cash flow◊	**2,722**	3,171
Growth capital expenditure and other[2]	**(1,513)**	(884)
Attributable free cash flow◊	**1,209**	2,287
Dividends to Anglo American plc shareholders	**(904)**	(1,422)
Acquisitions	**(520)**	(13)
Disposals	**384**	24
Foreign exchange and fair value movements	**17**	(34)
Other net debt movements[3]	**(1,135)**	(2,620)
Total movement in net debt◊	**(949)**	(1,778)
Closing net debt◊ at 31 December	**(5,575)**	(4,626)

[1] Includes cash inflows of $29 million (2019: outflows of $124 million), relating to interest receipts (2019: interest payments) on derivatives hedging net debt, which are included in cash flows from derivatives related to financing activities.
[2] Included within sustaining capital expenditure is $51 million (2019: $11 million) of capitalised operating cash flows relating to life-extension projects. In addition to growth capex, 'Growth capital expenditure and other' includes $12 million (2019: nil) of capitalised operating cash flows relating to growth projects and $63 million (2019: $37 million) of expenditure on non-current intangible assets.
[3] Includes Mitsubishi's share of Quellaveco capital expenditure of $526 million; debt recognised on the acquisition of Sirius Minerals Plc of $253 million; the purchase of shares under the buyback of $223 million; and the purchase of shares for other purposes (including for employee share schemes) of $162 million. 2019 includes the IFRS 16 *Leases* transition adjustment of $469 million; capital expenditure on the Quellaveco project funded from the 2018 syndication transaction of $515 million; Mitsubishi's subsequent share of Quellaveco capital expenditure of $329 million; the purchase of shares under the buyback of $777 million; and the purchase of shares for other purposes (including for employee share schemes) of $266 million.

Cash flow

Cash flows from operations

Cash flows from operations decreased to $8.0 billion (2019: $9.3 billion), reflecting a build-up in working capital partially offset by an increase in underlying EBITDA from subsidiaries and joint operations.

Cash outflows on working capital were $1.5 billion (2019: outflows of $0.1 billion), principally reflecting $1.6 billion of cash outflows on inventories following ACP repairs at PGMs affecting refining activity during the year, as well as the impact of Covid-19 on demand for diamonds, particularly during the first half. Receivables increased by $1.0 billion, mainly owing to increased iron ore, base metals and PGMs prices, offset by payables increases of $1.1 billion driven by an increase in a customer pre-payment and purchase of concentrate payables within PGMs, both reflecting increased metal prices.

Attributable free cash flow◊

The Group's attributable free cash flow decreased to an inflow of $1.2 billion (2019: inflow of $2.3 billion) due to lower cash flows from operations of $8.0 billion (2019: $9.3 billion) and increased capital expenditure of $4.1 billion (2019: $3.8 billion), partially offset by lower tax payments of $1.6 billion (2019: $2.1 billion), principally at Metallurgical Coal.

Dividends

In line with the Group's established dividend policy to pay out 40% of underlying earnings, the Board has proposed a dividend of $0.72 per share (2019: $0.47 per share), bringing the total dividends paid and proposed in respect of 2020 to $1.00 per share (2019: $1.09 per share).

Acquisition of Sirius Minerals

On 17 March 2020, the Group completed the acquisition of Sirius Minerals Plc for a cash consideration of $0.5 billion. As part of the acquisition, the Group also acquired borrowing and lease liabilities, taking the total impact on net debt to $0.7 billion on the date of acquisition.

Disposals

On 18 December 2020, the Group completed the sale of a 12% interest in the Grosvenor mine (Metallurgical Coal) for $0.2 billion, equalising the ownership across its integrated operations at Moranbah North and Grosvenor. During 2020, the Group received $0.2 billion of deferred consideration in respect of previous divestments by PGMs.

Share buyback

In July 2019, the Board approved an additional return of $1 billion to shareholders via an on-market share buyback programme. This additional return recognised the resilience of our balance sheet, and our confidence in funding our portfolio of highly attractive near and medium term growth opportunities. Following the return of $0.8 billion to shareholders in 2019, the remaining $0.2 billion of the buyback programme was completed by March 2020. The programme was executed at a weighted average price of £18.96.

Net debt◊

Net debt (including related derivatives) of $5.6 billion has increased by $0.9 billion since 31 December 2019, led by inventory cash outflows of $1.6 billion at PGMs and De Beers, as described on the previous page. These inventory increases are expected to be released during 2021 and 2022.

The Group generated strong sustaining attributable free cash inflows of $2.7 billion, principally used towards growth capital expenditure of $1.4 billion, dividends paid to Anglo American plc shareholders of $0.9 billion, the acquisition of Sirius Minerals Plc (including debt acquired) of $0.7 billion and completion of the share buyback programme announced in July 2019 of $0.2 billion. Net debt at 31 December 2020 represented gearing of 15% (2019: 13%), comprising cash and cash equivalents of $7.5 billion (2019: $6.3 billion) and gross debt (including related derivatives) of $13.1 billion (2019: $11.0 billion).

On 26 February 2020, South Africa's Minister of Finance announced in his Budget Speech that the country would shift from a policy of exchange controls to a risk-based capital flow management system, in line with international best practice and in order to facilitate cross-border financial transactions in support of trade and investment. This change aligns South Africa with the foreign direct investment criteria implemented by other OECD nations and removes the previous restrictions on the Group's ability to permanently remit cash earned from operating activities in South Africa, aligning the Group with other global companies that operate in South Africa.

Subsequently, on 24 February 2021, South Africa's Minister of Finance announced that from 1 March 2021, specific rules for companies with a primary listing offshore will be automatically aligned to current foreign direct investment rules. Separate disclosure of the Group's South African cash and debt balances will therefore no longer be relevant.

During 2021, the South African National Treasury and the Reserve Bank will continue to develop the legislative framework for the new capital flow management system announced in the 2020 Budget. This framework is expected to be substantially completed in 2021.

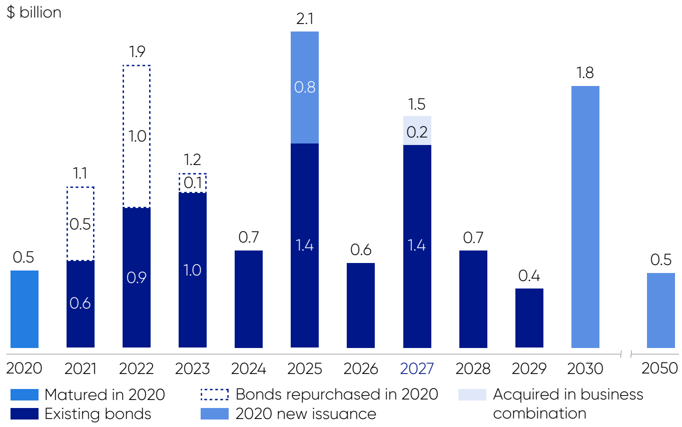
Balance sheet

Net assets increased by $1.4 billion to $32.8 billion (2019: $31.4 billion), reflecting the profit for the year, offset by dividend payments to Company shareholders and non-controlling interests.

Attributable ROCE◊

Attributable ROCE decreased to 17% (2019: 19%). Attributable underlying EBIT was marginally lower at $5.3 billion (2019: $5.5 billion), reflecting the impact of Covid-19-related disruptions and operational issues at PGMs and Metallurgical Coal, largely offset by higher realised prices for many of the Group's products and favourable exchange rate movements. Average attributable capital employed increased to $30.5 billion (2019: $28.4 billion), primarily due to increased growth capital expenditure, largely at Quellaveco (Copper), working capital build and the acquisition of Sirius Minerals Plc.

Bond maturity profile[1]



(1) Bond maturity profile based on contractual repayments at hedge rates

Liquidity and funding

Group liquidity remains conservative at $17.5 billion (2019: $15.0 billion), comprising $7.5 billion of cash (2019: $6.3 billion) and $10.0 billion of undrawn committed facilities (2019: $8.7 billion).

In April 2020, the Group signed a new $2.0 billion revolving credit facility with an initial maturity date of April 2021. The Group has, at its sole discretion, two options to extend the facility for a further six months to October 2021 and April 2022.

During 2020, the Group issued $3.0 billion of bond debt. In April 2020, the Group issued $750 million of 5.375% Senior Notes due 2025 and $750 million of 5.625% Senior Notes due 2030. In September 2020, the Group issued $1.0 billion of 2.625% Senior Notes due 2030 and $500 million 3.950% Senior Notes due 2050, which were used to fund a liability management exercise to redeem $0.5 billion of bonds maturing in 2021 and $1.0 billion of bonds maturing in 2022. In March 2020, as part of the acquisition of Sirius Minerals Plc, the Group recognised borrowings and lease liabilities of Sirius Minerals Plc with a fair value of $0.3 billion. In July 2020, the Sirius Minerals Finance Limited 8.5% 2023 convertible bond was fully redeemed at a cash cost of $138 million. The bond issuance and the liability management exercises increased the weighted average maturity on the Group's bonds to 6.3 years (2019: 4.5 years).

On 24 April 2020, Moody's Investors Service affirmed the Group's Baa2 rating and updated the outlook from stable to negative. Moody's Investors Service re-affirmed this rating on 24 November 2020. During 2020, Standard and Poor's reaffirmed the Group's BBB rating with a stable outlook.

De Beers

Anglo American owns 85% of De Beers, the world's leading diamond company. The balance of 15% is owned by the Government of the Republic of Botswana (GRB). De Beers and its partners produce around one-third of the world's rough diamonds, by value.

Bruce Cleaver
CEO
De Beers

2020 Summary

Fatalities	TRCFR[1]
0	2.18

Underlying EBITDA	Mining EBITDA margin
$417 m	54%

Production volume ('000 carats)
25,102

Our business

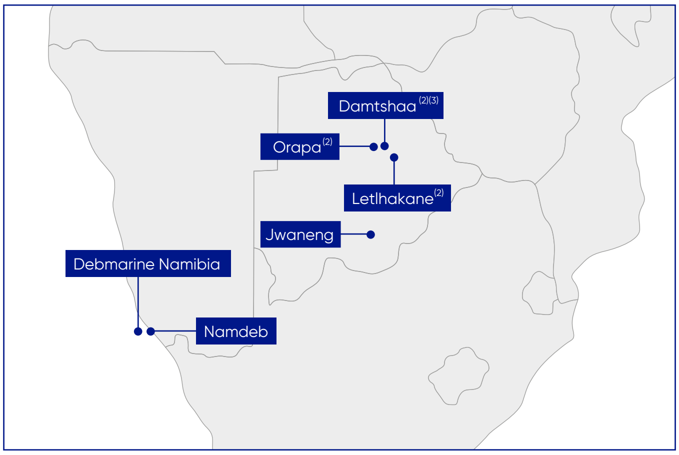
De Beers sells the majority of its rough diamonds through 10 Sight sales each year to Sightholders and Accredited Buyers, with the balance being sold via its Auctions business to registered buyers. It licenses its diamond brand Forevermark™ and markets and sells polished diamonds and diamond jewellery via its Forevermark™ and De Beers Jewellers businesses.

De Beers recovers diamonds from four countries: Botswana, Canada, Namibia and South Africa.

In Botswana, via a 50:50 joint operation with the GRB – known as Debswana – the company recovers diamonds from four mines[3], including Jwaneng, one of the world's richest diamond mines by value. This mine's high grade ore contributes 60–70% of Debswana's revenue. The $2 billion Cut-9 expansion of Jwaneng will extend the life of the mine to 2036 and is expected to yield an estimated 51 million carats[4] of rough diamonds from approximately 42 million tonnes of treated material.

In Namibia, De Beers operates in 50:50 partnership with the Namibian government, recovering both land-based diamonds (Namdeb) and offshore diamonds (Debmarine Namibia). Namibia has the richest known marine diamond deposits in the world, with Diamond Resources estimated at more than 80 million carats[4] in approximately 1.2 million k(m^2) of seabed. Marine diamond deposits represent around 75% of the partnership's total diamond production and 94% of its Diamond Resources.

Botswana and Namibia



[1] TRCFR relates to managed operations only.
[2] All managed as one operation, the 'Orapa Regime'.
[3] Damtshaa will be placed onto extended care and maintenance in 2021.
[4] Refer to Anglo American plc Ore Reserves and Mineral Resources Report 2020 for additional information.

South Africa

Canada

Rough diamond production by country[1]

Russia		28%
Botswana		23%
Canada		11%
Angola		9%
Namibia		6%
South Africa		6%
DRC		4%
Other		13%
Total	**$15.1 bn**	

[1] Data relates to 2019 and is rough diamond production by value.

Diamond jewellery demand by country[1]

USA		48%
China[2]		13%
India		7%
Japan		7%
Gulf		4%
Rest of world		22%
Total	**$78.9 bn**	

[1] Data relates to 2019 and is diamond jewellery value at retail prices.
[2] Data set does not include Hong Kong, Macau and Taiwan.

In South Africa, the Venetia operation is an open pit mine and the country's largest producer of diamonds, contributing 40% of South Africa's annual diamond production. Open pit mining at Venetia is likely to run until 2023 and the transition is already well under way to convert to underground mining, which is expected to extend the life of the mine to 2045. Through the $2.1 billion Venetia Underground project, De Beers expect to treat approximately 131 million tonnes of material, containing an estimated 95 million carats[4].

In Canada, De Beers has a 51% interest in, and is the operator of, Gahcho Kué open-pit mine in the Northwest Territories. It began commercial production in 2017 and has a 10-year life, producing an average of 4.5 million carats a year, yielding an estimated total of 47 million carats[4] (100% basis) from approximately 30 million tonnes of material.

De Beers also develops industrial super materials through Element Six, which includes the production of laboratory grown diamonds for Lightbox Jewelry. De Beers offers diamond grading and testing services through De Beers Institute of Diamonds.

De Beers is has set a goal to engage 10,000 women in science, technology, engineering and mathematics (STEM) subjects by 2030. Here, in Canada, electrical engineering student Celia Zhang has been sponsored by the company through her studies at the University of Calgary.

Developing talent by bringing young women into STEM

To re-imagine mining, we need to not only develop new skills among our employees but bring fresh talent into our business. We believe that continued male dominance of science, technology, engineering and mathematics (STEM) disciplines is a big inhibitor to progress and we have set a target for one-third female representation within all management levels Groupwide by 2023.

In seeking to address the severe shortage of women in engineering in particular, De Beers has set itself a bold new goal: to engage 10,000 women in STEM. An important aspect of this is our partnership with WomEng, a global organisation with a mission to develop the next generation of highly skilled women for the engineering and technology industries.

In 2019, De Beers joined forces with WomEng in South Africa, Botswana and Namibia to provide opportunities for young women and girls to study STEM subjects and pursue engineering careers. Through workshops, exhibitions and being set challenges around innovation, high potential girls are supported from school age, through university and into their early careers, with access to application support, mentoring and networks.

To date, as a result of the partnership, 800 female students from southern Africa have been engaged through three WomEng programmes, which are being adapted to address the impact of Covid-19 through a combination of virtual and socially distanced face-to-face events.

In Canada, De Beers is partnering with UN Women, the University of Waterloo, the University of Calgary and Scholarships Canada to support female students with scholarships in science and engineering, with a particular focus on supporting First Nation women in the Northwest Territories and northern Ontario.

Since the start of the company's three-year partnership with UN Women in 2018, 55 scholarships have been awarded to Canadian women. In addition to the scholarships, De Beers provided funding to sponsor 30 girls from indigenous communities to attend the University of Waterloo's summer IMPACT Camps in Canada.

Safety

During 2020, De Beers experienced no loss of life incidents at any of its operations. The Total Recordable Case Frequency Rate (TRCFR) for managed operations decreased by 29% to 2.18 (2019: 3.07).

In 2020, De Beers focused on the pro-active identification of high potential hazards, the implementation of Elimination of Fatalities workstreams and the ongoing roll-out of advanced driver assist systems and fatigue management safety technology.

Environmental performance

Energy use decreased by 16% to 3.8 million GJ (2019: 4.5 million GJ) and GHG emissions by 13% to 0.42 Mt CO_2e (2019: 0.48 Mt CO_2e), principally due to the impact of Covid-19-related disruptions on production across De Beers' operations in southern Africa and the progress made in implementing energy-efficiency projects at Venetia and Gahcho Kué.

Financial and operational review

As a result of the difficult market conditions, lockdowns in India and associated flexibility offered to customers, total revenue decreased by 27% to $3.4 billion (2019: $4.6 billion) with rough diamond sales falling by 30% to $2.8 billion (2019: $4.0 billion). Rough diamond sales volumes decreased by 27% to 21.4 million carats (2019: 29.2 million carats). The average realised price decreased by 3% to $133/ct (2019: $137/ct), with a 10% decline in the average rough index largely offset by an increased proportion of higher value rough sold in 2020, driven by midstream demand and inventory mix.

Underlying EBITDA decreased by 25% to $417 million (2019: $558 million), owing to the impact of the lower sales volumes and the lower rough price index reducing margins in both the mining and trading business, particularly in the first half of the year. Despite the reduction in production volumes, unit costs decreased by 10% to $57/ct (2019: $63/ct) owing to cost saving measures and favourable exchange rates that have resulted in a higher mining margin of 54% (2019: 43%).

De Beers' capital expenditure decreased by 33% to $381 million (2019: $567 million) due to the deferral of stay-in-business projects into future years without compromising safety or operational integrity. This decrease was also driven by favourable exchange rates. Although there were Covid-19-related disruptions at De Beers' expansion projects, execution of Venetia Underground and Jwaneng Cut-9 continued to progress, and the new AMV3 vessel for Namibia (the largest diamond recovery vessel ever built) remains on track for commissioning in 2022. The construction of the laboratory-grown diamond facility in Oregon for Lightbox Jewelry was completed in 2020 and will ramp up during 2021.

2020 Results

	2020	2019
Production volume ('000 cts)[1]	**25,102**	30,776
Sales volume ('000 cts)[1][2]	**21,380**	29,186
Price ($/ct)[1][3][4]	**133**	137
Unit cost ($/ct)[1][4][5]	**57**	63
Revenue – $m[1][6]	**3,378**	4,605
Underlying EBITDA – $m[1][4]	**417**	558
Mining EBITDA margin[1][7]	**54%**	43%
Trading margin	**3%**	3%
Underlying EBIT – $m[1][4]	**0**	168
Capex – $m[1][4]	**381**	567
Attributable ROCE[1]	**0%**	2%
Fatalities[8]	**0**	0
TRCFR[8]	**2.18**	3.07
Energy consumption – million GJ[8]	**3.8**	4.5
GHG emissions – Mt CO_2 equivalent[8]	**0.42**	0.48
Total water withdrawals – million m^3[8][9]	**8.7**	n/a
Employee numbers[10]	**8,700**	9,000

[1] Prepared on a consolidated accounting basis, except for production, which is stated on a 100% basis, except for the Gahcho Kué joint operation in Canada, which is on an attributable 51% basis.
[2] Total sales volumes on a 100% basis were 22.7 million carats (2019: 30.9 million carats). Total sales volumes (100%) include De Beers Group's joint arrangement partners' 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and Namibia Diamond Trading Company.
[3] The De Beers realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to De Beers unit costs.
[4] Results by country can be found in the Summary by operation on page 235.
[5] Unit cost is based on consolidated production and operating costs, excluding depreciation and operating special items, divided by carats recovered.
[6] Includes rough diamond sales of $2.8 billion (2019: $4.0 billion).
[7] Excludes the impact of third-party sales, purchases and trading.
[8] Data is for De Beers' managed operations.
[9] Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.
[10] Data is for De Beers' managed operations and a proportionate share of employees within joint operations.

Markets

The diamond industry started 2020 positively after a strong US holiday season at the end of 2019, with robust demand for rough diamonds. The onset of the Covid-19 pandemic, and measures taken by governments in response, had a profound impact on global diamond supply and demand. Much of the industry was temporarily unable to operate, with up to 90% of jewellery stores closed at the peak of lockdowns, first in China, then in Europe and the US.

Reduced demand from jewellery retailers due to store closures, combined with the closure of diamond cutting and polishing factories in India from April to June, led to a substantial reduction in rough diamond purchases in the first six months. In response, De Beers reduced production and offered significantly increased flexibility to customers.

The gradual easing of restrictions across the globe led to improved trading conditions and an increase in demand throughout the supply chain in the second half of the year. Consumer demand for diamond jewellery improved in key markets, particularly in China, which continued its strong recovery, while demand in the US has also been encouraging. The recovery in consumer demand supported polished price growth in the second half and a rebuild in inventory levels in advance of the year end holiday season.

Operational performance

Mining and manufacturing

Rough diamond production decreased by 18% to 25.1 million carats (2019: 30.8 million carats) in response to lower demand due to the pandemic and the Covid–19-related shutdowns in southern Africa during the first half of the year.

In Botswana, production decreased by 29% to 16.6 million carats (2019: 23.3 million carats), with volumes at Jwaneng reduced by 40% to 7.5 million carats (2019: 12.5 million carats), while production at Orapa decreased by 16% to 9.0 million carats (2019: 10.8 million carats). This was largely due to a nationwide lockdown from 2 April to 18 May, and the planned treatment of lower grade material at both Jwaneng and Orapa, following their restart, as a production response to lower demand. Both mines substantially reconfigured their mining operations to preserve costs in light of the lower levels of production, thereby preserving the mining margin.

In Namibia, production decreased by 15% to 1.4 million carats (2019: 1.7 million carats), primarily due to the suspension of marine mining during part of the third quarter in response to lower demand. Production at the land operation decreased by 21%, principally as a result of the Covid-19-related shutdown.

In South Africa, production increased to 3.8 million carats (2019: 1.9 million carats) as the reductions experienced in the first half due to the national shutdown were more than offset by an expected increase in grade as the ore from the last cut of the open pit is processed while the mine transitions to underground operations.

In Canada, production decreased by 15% to 3.3 million carats (2019: 3.9 million carats) principally reflecting Victor reaching the end of its life in the first half of 2019. Gahcho Kué production decreased by 4% to 3.3 million carats (2019: 3.5 million carats) as a result of the implementation of Covid-19 workforce protection measures.

Brands and consumer markets

Covid-19 significantly impacted De Beers' brand sales in 2020, with large-scale store closures in Asia in the first quarter, followed by western markets in the second quarter and beyond. However, both De Beers Jewellers and Forevermark™ saw a strong recovery in sales as restrictions eased and stores reopened.

Online sales continued to show strong growth, reflecting De Beers' investments in e-commerce and increasing consumer willingness to purchase diamond jewellery through these channels.

As part of the longer term strategy, De Beers announced 12 goals that are part of the company's 'Building Forever' framework, a sustainability approach, aligned with the Anglo American Sustainable Mining Plan, that is focused on maximising the positive impact of diamonds on their journey from discovery to retail. The aim is to achieve a shared vision for a better future, focusing on De Beers' pillars of leading ethical practices across the industry: partnering for thriving communities; protecting the natural world; and accelerating equal opportunity.

Operational and market outlook

Recent consumer demand trends have been positive in key markets and industry inventories are in a healthier position, providing the potential for a continued recovery in rough diamond demand during 2021, subject to the ongoing impact of Covid-19. Consumer desirability for natural diamonds is set to remain high over the medium to long term despite the economic impact of the pandemic and increasing supply of lab-grown diamonds.

In the longer term, the impact of Covid-19 has accelerated the transformation that was already underway across the industry and which is expected to continue at pace. This includes more efficient inventory management, increased online purchasing, and a growing consumer desire for products with demonstrable ethical and sustainability credentials, including an enhanced appreciation for the natural world. The long term outlook for the sector remains positive as De Beers continues to focus on its business transformation to support the continued growth of its own business and the wider diamond value chain.

For 2021, production guidance is 32–34 million carats, subject to trading conditions, the extent of further Covid-19-related disruptions and ongoing operational challenges. The higher production is driven by an expected increase in ore and improved grade performance at both Jwaneng and Venetia. Unit cost guidance is c.$55/ct, reflecting the increase in production volumes and the benefits of the restructuring undertaken in 2020.

Copper

From our three mining operations in Chile, we produce copper, essential to modern living and the future of clean energy and transport. Our products include copper concentrate, copper cathode and associated by-products such as molybdenum and silver. Our copper interests in Chile will soon be complemented by our new mine that we are developing in Peru – Quellaveco.

Ruben Fernandes
CEO
Base Metals

Aaron Puna
CEO
Anglo American, Chile

Tom McCulley
CEO
Anglo American, Peru

2020 Summary

Fatalities Copper Chile	TRCFR Copper Chile
0	1.58
Fatalities Quellaveco	TRCFR Quellaveco
0	2.20
Underlying EBITDA[1]	Mining EBITDA margin[1]
$1,864 m	45%
Production volume	
647.4 kt	

Our business

In Chile, we have interests in two major copper operations: a 50.1% interest in Los Bronces mine, which we manage and operate, and a 44% share in the independently managed Collahuasi mine; we also manage and operate the El Soldado mine and the Chagres smelter (50.1% interest in both).

In Peru, we have a 60% interest in the Quellaveco project. We approved the project for development in mid-2018 and we are progressing on track for first production in 2022, ramping up to full output the following year. During the first 10 years, production is expected to average 300,000 tonnes of copper equivalent per year, with a first-quartile cash cost of 105 c/lb[2].

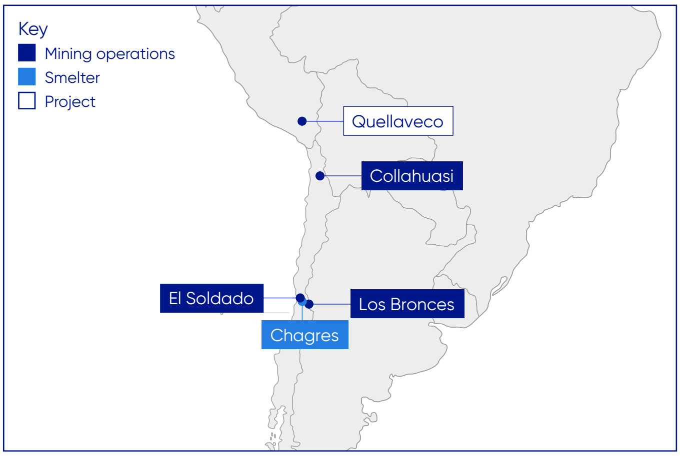
Uses of copper

Copper's unique properties make it a vital material for urban and industrial growth, as well as a critical component in the efforts to move to a cleaner, greener world – in terms of both renewable energy and electric transport.

Around 60% of total global demand is for electrics – wire, cables and connectors, including in vehicles and consumer electronics.

A further 20% is used in construction; for example, water pipes and roof sheets benefit from copper's resistance to corrosion. Copper's thermal conductivity and malleability mean it is used extensively in air conditioning and refrigeration.

Chile and Peru



[1] Includes Copper Chile and Quellaveco.
[2] Cost shown is 2018, real.

Copper demand by sector – total consumption

Construction	28%
Electrical network	28%
Consumer and general	21%
Transport	12%
Industrial machinery	11%
Global total	**28.4 Mt. Includes direct use scrap**

Source: Wood Mackenzie

Copper demand by region – refined consumption

China	54%
Europe	15%
Asia excl. China	14%
North America	10%
Middle East	2%
South America and Caribbean	2%
Russia and the Caspian	2%
Africa	1%
Global total	**23.4 Mt**

Source: Wood Mackenzie

Copper supply by region – Copper in concentrate and leach

South America and Caribbean	41%
Asia	14%
Africa	13%
North America	12%
Russia and the Caspian	9%
Europe	5%
Oceania	4%
Middle East	2%
Global total	**20.7 Mt**

Source: Wood Mackenzie

It may also be used in places such as in hospitals, owing to its anti-bacterial qualities. Its visual qualities account for many other applications – in buildings and everyday objects.

In the future, a growing volume of copper will likely be used in low-emission vehicles; battery electric, hydrogen fuel cell and hybrid electric vehicles all contain substantially more copper than conventional vehicles.

Copper is set to continue to be one of the essential industrial metals as society addresses the challenges of climate change, energy efficiency and the raising of living standards for the world's growing population. The effects of ore reserve depletion across the industry, and lengthy permitting processes, are likely to result in future supply constraints.

In El Soldado's neighbouring town of Collagüe, Anglo American, in a partnership with the Municipality of Nogales, has invested nearly $650,000 in bringing potable water to a community that has not had a regular supply of drinking water for the past 20 years.

Improving water supply to Chile's rural communities

Chile is the world's biggest copper producer and is a key mining country for Anglo American. For more than a decade, the severe droughts that have pervaded the country have placed great challenges on existing copper operations, while restricting the capacity to bring new sources of metal on stream.

Getting enough water for human consumption, agriculture, mining and industry has become a significant national challenge for Chile; one that Anglo American fully recognises and has publicly pledged that human consumption of water has priority. The situation is particularly acute in Chile's rural areas, where nearly two million people are reliant on the country's rural drinking water systems, many of which do not have the necessary infrastructure or technology to achieve efficient water management.

As a result, along with Anglo American's own technological interventions to make its mining and processing operations in the country more water efficient, we have developed our Programa Agua Rural (Rural Water Programme), in partnership with remote monitoring technology firm, WeTechs.

The technology being developed to improve water supply is especially suited to Chile's vast regions far from its cities. In a typical rural region, there is a control room, where data analysis is centralised and automation of the entire water-supply system is controlled – but, in a major departure from traditional controls, much of the monitoring and management are now able to be done remotely via mobile devices, including the overseeing of conditions in water-storage facilities. The innovative data system has resulted in significant improvement of the water operations for around 100,000 people around our Los Bronces, El Soldado and Chagres sites. By the end of 2020, in these areas, there was an overall 20% increase in water availability, a 50% decrease in water pipe ruptures and a 20% energy saving, as well as a reduction in public spending.

Crucially, Programa Agua Rural is strengthening our host communities through training programmes that are making its water-management knowledge available to local inhabitants. In this way, we are assisting in the transfer of technology, and in capacity-building, in order to deliver a water solution that can be implemented by the people themselves.

In doing so, we are bringing to life the key pillars of the Programa Agua Rural: integration with other partners and technologies; putting technology at the service of the people; and seeking and capitalising on opportunities to enhance infrastructure capacity.

Safety

Copper Chile

Copper Chile reported no fatalities in 2020. The TRCFR increased by 37% to 1.58 (2019: 1.15), though no recordable incidents were classified as high potential incidents. Several initiatives continued to be implemented across the business, including advanced driver assistance Systems (ADAS) and our Elimination of Fatalities and Learning from Incidents improvement programmes, as well as the continued integration of the Group's Operating Risk Management (ORM) processes into the business.

Quellaveco

Quellaveco recorded no fatalities in 2020. The TRCFR increased to 2.20 (2019: 0.91) following the remobilisation of the 10,000 strong workforce in the second half of the year, and measures have been introduced to improve safety vigilance. The risk and control identification procedure required by Peruvian law was updated and standardised using the Group's risk matrix to prepare the operation for ORM implementation. Quellaveco's surface traffic management plan was reviewed, with new access and bypass roads constructed, active vehicle speed radar monitoring implemented, and improved awareness training for all vehicle drivers; the operation is also planning to implement the ADAS system in 2021. In 2020, several action plans arising from self-assessments on the Anglo American global technical standards were completed and, in 2021, Quellaveco will progressively implement these standards as project construction progresses.

Environmental performance

Copper Chile

At Copper's Chilean operations, energy use decreased by 8% to 11.3 million GJ (2019: 12.3 million GJ) and GHG emissions decreased by 9% to 1.07 Mt CO_2e (2019: 1.17 Mt CO_2e). This reduction was partly driven by the impact of Covid-19-related disruptions to operations, as well as through performance improvements and optimisation linked to our P101 programme and transformation initiatives.

In central and northern Chile, 2020 was one of the driest years of the century. At Los Bronces, through a collaborative effort with Codelco's Andina mine, more than 7.5 million m^3 of excess water from the tailings storage facility was released and made available. A project aimed at securing a long term supply of non-fresh water for our operations is ongoing.

Quellaveco

At Quellaveco, energy use decreased by 70% to 0.6 million GJ (2019: 2.0 million GJ) and GHG emissions decreased by 67% to 0.05 Mt CO_2e (2019: 0.15 MtCO_2e), reflecting the impact of Covid-19-related restrictions on the work undertaken at the project.

2020 results – Copper Chile

	2020	2019
Production volume (kt)	647	638
Sales volume (kt)[(1)(2)]	648	644
Unit cost (c/lb)[(1)(3)]	113	126
Group revenue – $m[(1)(4)]	7,176	5,840
Underlying EBITDA – $m[(1)]	1,921	1,638
Mining EBITDA margin[(5)]	45%	44%
Underlying EBIT – $m[(1)]	1,285	981
Capex – $m[(1)]	645	574
Attributable ROCE	36%	24%
Fatalities	0	1
TRCFR	1.58	1.15
Energy consumption – million GJ	11.3	12.3
GHG emissions – Mt CO_2 equivalent	1.07	1.17
Total water withdrawals – million m^3[(6)]	35.8	n/a
Employee numbers	3,800	4,000

(1) Results by asset and the consolidated results for Copper can be found in the Summary by operation on page 235.
(2) Excludes 453 kt third-party sales (2019: 349 kt).
(3) C1 unit cost includes by-product credits.
(4) Group revenue is shown after deduction of treatment and refining charges (TC/RCs).
(5) Excludes impact of third-party sales.
(6) Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

2020 results – Quellaveco

	2020	2019
Capex – $m[(1)]	788	494
Fatalities	0	1
TRCFR	2.20	0.91
Energy consumption – million GJ	0.6	2.0
GHG emissions – Mt CO_2 equivalent	0.05	0.15
Total water withdrawals – million m^3[(2)]	1.5	n/a
Employee numbers	400	300

(1) Capex represents the Group's 60% share after deducting direct funding from non-controlling interests. 2020 capex on a 100% basis was $1,314 million, of which the Group's 60% share is $788 million. 2019 capex on a 100% basis was $1,338 million, of which $515 million was funded by cash from the Mitsubishi syndication transaction in 2018. Of the remaining $823 million, the Group and Mitsubishi funded their respective 60% and 40% shares via shareholder loans.
(2) Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

Financial and operational review

Underlying EBITDA increased by 15% to $1,864 million (2019: $1,618 million) driven by a 10% increase in the average realised copper price and record low unit costs of 113 c/lb (2019: 126 c/lb).

Production increased to 647,400 tonnes (2019: 638,000 tonnes), with record production at Collahuasi and a strong operational performance at Los Bronces offsetting the headwinds related to Covid-19 restrictions and expected lower water availability. Unit costs decreased by 10%, reflecting the weaker Chilean peso, higher by-product credits, cost savings and increased production, partly offset by actions taken to mitigate the impact of Covid-19-related restrictions on production and inflation.

Capital expenditure (excluding Quellaveco) increased by 12% to $655 million (2019: $584 million), reflecting an increase in deferred stripping and the routine replacement of, and higher spend on, key infrastructure and technology projects, including the construction of a coarse particle recovery demonstration plant at El Soldado. This was partly offset by the deferral of non-critical projects into 2021 as a result of Covid-19-related constraints, and favourable movements in the Chilean peso.

Markets

	2020	2019
Average market price (c/lb)	**280**	272
Average realised price (c/lb)	**299**	273

The differences between the market price and realised price are largely a function of the timing of sales across the year and provisional pricing adjustments, with 140,599 tonnes of copper provisionally priced at 352 c/lb (2019: 111,213 tonnes provisionally priced at 273 c/lb).

The average LME copper price in 2020 increased by 3% compared with 2019. The Covid-19 pandemic had the greatest impact on global demand, temporarily depressing consumption as restrictions hampered economic activity in the first half of the year. A sharp recovery took place in China and, elsewhere, measures to restart activity took place to mitigate the effects of the pandemic. Despite trade tensions between the US and China, optimism over vaccine programmes further bolstered sentiment. Constraints in mine supply have also contributed to a positive outlook on fundamentals, as has copper's role in the push to achieve carbon neutrality, greater energy efficiency and improved living standards, allowing the metal to reach price highs last seen in 2013.

Operational performance

Production increased marginally to 647,400 tonnes (2019: 638,000 tonnes).

At Los Bronces, production decreased by 3% to 324,700 tonnes (2019: 335,000 tonnes) due to expected lower water availability and planned lower grades (0.81% vs. 0.83%), partly offset by strong operational performance. C1 unit costs increased by 10% to 149 c/lb (2019: 135 c/lb), reflecting the lower production volumes and the drawdown on stockpiles due to Covid-19-related restrictions and inflation, partly mitigated by cost saving initiatives and the impact of the weaker Chilean peso.

At Collahuasi, Anglo American's attributable share of copper production increased by 11% to 276,900 tonnes (2019: 248,800 tonnes). This was a record production performance for the operation, driven by strong plant performance, reflecting the plant improvement projects implemented during 2019, as well as planned higher grades (1.24% vs.1.19%). C1 unit costs decreased by 38% to 62 c/lb (2019: 100 c/lb), another record, reflecting the solid production performance, higher by-product credits and the weaker Chilean peso, partly offset by inflation.

Production at El Soldado decreased by 15% to 45,800 tonnes (2019: 54,200 tonnes) due to planned lower grades (0.84% vs. 0.93%) and water restrictions. C1 unit costs were flat at 204 c/lb (2019: 205 c/lb), with the lower production volumes fully offset by the weaker Chilean peso and cost saving initiatives.

Operational outlook

Production guidance for 2021 is 640,000–680,000 tonnes, subject to water availability and the extent of further Covid-19-related disruption.

C1 unit cost guidance for 2021 is c.120 c/lb, reflecting an expected strengthening of the Chilean peso, inflation and ongoing impacts from Covid-19 mitigation activities.

Quellaveco update

Strong progress continues, with the project currently tracking against its original schedule, despite the impact of Covid-19, with execution having been well ahead of schedule prior to the pandemic, and all applicable milestones achieved.

Following the onset of the pandemic, on 17 March, Quellaveco withdrew the majority of the project's 10,000-strong workforce from site after the Peruvian government announced the start of a national lockdown. Following subsequent extensions of the lockdown, non-critical works were suspended for three months in support of continuing efforts to control the spread of Covid-19.

Remobilisation of the construction workforce began in July following approval by the Peruvian authorities and is largely complete, with construction activities gradually restarted across all project sites. Significant progress has been made at the processing plant, where the shells for the first SAG and ball mills are installed, installation of the electric motors is under way, and all 46 flotation cells have been assembled. The majority of materials and equipment are now in-country and the first of three rope shovels has been assembled, along with eight mining trucks.

Despite the Covid-19-related slowdown, first production is still expected in 2022, in part due to the excellent progress achieved prior to the national lockdown, and based on optimised construction and commissioning plans. Key activities in 2021 include the start of pre-stripping, which will see the first greenfield use of automated hauling technology in Peru; progressing construction of the primary crusher and ore transport conveyor tunnel to the plant; completion of the 95 km freshwater pipeline that will deliver water from the water source area to the Quellaveco site; completing installation of the shells and motors for both milling lines; and completion of the tailings starter dam.

Total project capital expenditure is expected to be $5.3–5.5 billion (100% basis), subject to the extent of any further Covid-19-related disruption, of which the Group's 60% share is approximately $2.7–2.8 billion. Capital expenditure guidance (100% basis) for 2021 is approximately $1.3–1.6 billion, of which the Group's 60% share is approximately $0.8–1.0 billion. Quellaveco expects to deliver around 300,000 tonnes per annum of copper equivalent production (100% basis) on average in the first 10 years of operation.

In February 2021, the Group approved the construction of a coarse particle recovery (CPR) plant at Quellaveco. This breakthrough technology will initially allow retreatment of coarse particles from flotation tailings to improve recoveries by c.3% on average over the life of the mine. This investment will also enable future throughput expansion which will bring a reduction in energy and water consumption per unit of production. The CPR project will incur additional capital expenditure on a 100% basis of approximately $130 million, of which the Group will fund its 60% share. Commissioning of the new plant is expected in 2022.

Platinum Group Metals (PGMs)

We own and operate five mining operations in South Africa's Bushveld complex, including Mogalakwena, Amandelbult and Mototolo, as well as the Unki mine, in Zimbabwe. In South Africa, we also own smelting and refining operations which treat concentrates from our wholly owned mines, our joint operations and third parties.

Natascha Viljoen
CEO
Platinum Group Metals

2020 Summary

Fatalities
1

TRCFR
2.40

Underlying EBITDA
$2,555 m

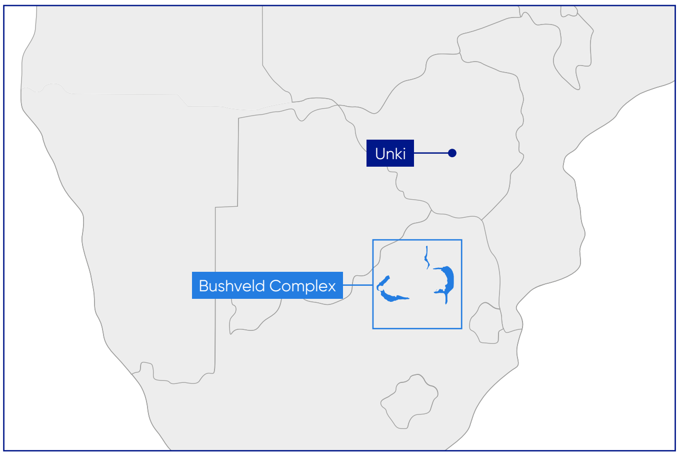
Mining EBITDA margin
51%

Production volume – PGMs 5E+Au[(1)]
3,809 koz

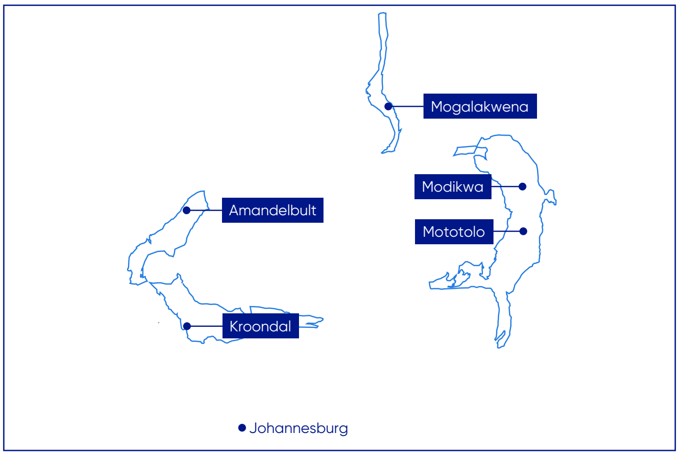
Our business

Our Platinum Group Metals (PGMs) business (held through an effective 80.8% interest in Anglo American Platinum Limited) is a leading producer of PGMs, essential metals for cleaning vehicle exhaust emissions and as the catalyst in electric fuel cell technology. We own and operate five mining operations in South Africa's Bushveld complex, including Mogalakwena – the world's largest open pit PGMs mine – Amandelbult and Mototolo, as well as the Unki mine, in Zimbabwe. In South Africa, we also own smelting and refining operations which treat concentrates from our wholly owned mines, our joint operations and third parties.

South Africa and Zimbabwe



South Africa: Bushveld Complex



(1) PGMs production is shown on a 5E+Au basis, i.e. platinum, palladium, rhodium, ruthenium and iridium plus gold.

Platinum net demand by sector

Industrial		43%
Jewellery		21%
Investment		19%
Automotive		17%
Total	**5,389 koz**	

Source: Johnson Matthey

Palladium net demand by sector

Automotive		85%
Industrial		16%
Jewellery		1%
Investment		(2)%
Total	**6,795 koz**	

Source: Johnson Matthey

Uses of PGMs

PGMs are used in an extensive range of applications. In the automotive industry, they are in demand through both their use in catalytic converters and in fuel cell vehicle technology. Platinum, palladium and rhodium enable catalytic converters to reduce pollutants from car exhaust gases, and demand for PGMs from the car industry is expected to continue to grow, supported by stricter emissions regulations. Fuel cell electric vehicles provide a zero-emissions powertrain technology, particularly well suited to heavy duty, long range and fleet vehicles.

With rising concerns about the environment and energy costs, there is also growing interest in platinum fuel cells as an alternative energy source. In some cases, platinum-based fuel cells are proving to be more cost-effective, cleaner and more reliable than alternatives such as diesel generators. Fuel cell mini-grid electrification technology is an attractive, cost-competitive alternative to grid electrification in remote rural areas and could accelerate access to electricity.

Platinum is also widely used in jewellery owing to its purity, strength, resistance to fading and ability to hold precious stones securely.

Platinum, palladium and rhodium each have a wide range of other uses in the chemical, electrical, medical, glass and petroleum industries. PGMs enable efficient production of goods, ranging from glass to fertilisers, as well as a diverse range of other products, such as cancer-treatment drugs. Ruthenium is used as a catalyst in many chemical and electrochemical processes, with electrical and chemical properties that make it widely used in semiconductors and hard disks. Iridium is also widely used as a chemical and electrochemical catalyst, for instance in chloralkali electrodes. Being highly corrosion-resistant, it is also used to make crucibles, in which crystals for the electronics industry are grown.

We are committed to developing demand for PGMs and invest both directly and through AP Ventures, an independent venture capital fund with a mandate to invest in the development of new applications for the full suite of PGMs. We are also a major participant in the Platinum Guild International (PGI), which plays a key role in supporting and growing platinum jewellery demand. Meanwhile, new technology and legislation continue to drive demand for PGMs in the vehicle manufacturing industry – through their application in both catalytic converters and fuel cells.

Our Unki PGMs mine in Zimbabwe continues to make a vital contribution in the fight against Covid-19. Here, at the nearby Gweru Provincial Hospital, Unki made a particularly important intervention through comprehensively re-equipping the hospital's intensive care unit.

Making a difference in healthcare – Unki learns to live with Covid-19

From an operational excellence perspective, Unki is regarded to be amongst the very best operations across Anglo American – as well as being an important employer and a significant export earner for Zimbabwe.

But our contribution to Zimbabwe goes beyond our mining and smelting operations. This has been evidenced in Unki's response to the Covid-19 pandemic. As it became clear that Covid-19 was going to have a serious impact on the country, our PGMs business responded swiftly.

As part of Unki's community response plan, we were quickly able to provide personal protective equipment (PPE), along with Covid-19-related training, to healthcare workers on the frontline of the pandemic. But, importantly, we had the resources to be able to scale up things quickly as the number of Covid-19 cases rose, both in the workplace and in the local communities close to our Unki mine site.

As a matter of urgency, Unki provided food support to vulnerable groups in the area, while also drilling and equipping 17 boreholes to improve access to water in the Shurugwi district.

A key milestone in our efforts to protect the health and well-being of our workforce and our host communities was our donation, in August 2020, of a newly equipped 10-bed intensive care unit (ICU) to Gweru Provincial Hospital, which is located close to Unki and where we had previously constructed and equipped a casualty ward and a children's ward. The donation included ventilators, ICU beds, oxygen equipment and installation, PPE, multi-parameter monitors and other medical equipment.

The establishment of the ICU forms part of Unki's $2 million investment to date in combating Covid-19 and complements the work being undertaken at the mine's polymerise chain reaction (PCR) testing laboratory. The laboratory was recently licensed to carry out Covid-19 tests, and is now being used to test samples from employees, contractors, and from patients and healthcare workers at the Shurugwi District Hospital.

Safety

Regrettably, during 2020, PGMs recorded one loss of life. Lindile Manzingi was injured in a fall of ground incident at Dishaba mine, and passed away as a result of his injuries in September. The total recordable case frequency rate decreased by 4% to 2.40 (2019: 2.50).

Environmental performance

PGMs' total energy consumption decreased by 10% to 18.1 million GJ (2019: 20.1 million GJ), and GHG emissions decreased by 11% to 3.94 Mt CO_2e (2019: 4.44 Mt CO_2e), principally due to the impact of Covid-19-related disruptions on production.

Our PGMs business continues to invest in energy reduction and energy efficiency opportunities at its operations, switching to low carbon energy sources and developing renewable energy projects to transition its energy mix. Projects in support of the Group's carbon neutrality targets include the development of a hydrogen fuel cell powered heavy haul truck at the Mogalakwena mine, the continued development of a large scale solar photovoltaic facility (with project approval planned for 2021), as well as several other smaller scale projects to increase PGMs' renewable energy supply.

Financial and operational review

Underlying EBITDA increased by 28% to $2,555 million (2019: $2,000 million), as a result of a 51% increase in the dollar basket price, driven primarily by stronger prices for palladium and rhodium, which more than offset the impact on sales volumes of outages at the Anglo Converter Plant (ACP) and Covid-19-related restrictions. Unit costs were broadly flat at $713/PGM ounce (2019: $703/PGM ounce), as the benefits of the weaker South African rand and underlying operational improvements were offset by the lower volumes.

Capital expenditure was in line with the prior year at $571 million (2019: $569 million) as additional expenditure incurred on the ACP Phase A rebuild offset the benefit of the weaker South African rand.

	2020	2019
Average platinum market price ($/oz)	**885**	864
Average palladium market price ($/oz)	**2,197**	1,539
Average rhodium market price ($/oz)	**11,220**	3,914
US$ realised basket price ($/PGM oz)[1]	**2,035**	1,347

[1] Average US$ realised price. Excludes the impact of the sale of refined metal purchased from third parties.

Markets

PGM prices started the year strongly before Covid-19 impacted demand; however, prices soon recovered as PGM supply also faltered. Further gains came in the second half when the global automotive sector experienced a rapid recovery as Covid-19-related restrictions were eased. The average realised basket price increased by 51% in dollar terms compared with 2019. The average dollar platinum market price increased by 2%, supported by robust industrial demand, despite continuing declines in diesel automotive demand. Palladium and rhodium were significantly stronger, increasing by 43% and 187%, respectively, driven by the trend of increased loadings in autocatalysts due to tighter emissions standards, particularly in Europe and China.

2020 Results

	2020	2019
PGM production volume (koz)[1][2]	**3,809**	4,441
PGM sales volume (koz)[2][3]	**2,869**	4,634
Unit cost ($/PGM oz)[2][4]	**713**	703
Group revenue – $m[2]	**8,465**	6,866
Underlying EBITDA – $m[2]	**2,555**	2,000
Mining EBITDA margin[5]	**51%**	40%
Processing and trading margin	**11%**	12%
Underlying EBIT – $m[2]	**2,270**	1,672
Capex – $m[2]	**571**	569
Attributable ROCE	**48%**	38%
Fatalities	**1**	0
TRCFR	**2.40**	2.50
Energy consumption – million GJ	**18.1**	20.1
GHG emissions – Mt CO_2 equivalent	**3.94**	4.44
Total water withdrawals – million m^3[6]	**56.9**	n/a
Employee numbers	**31,500**	31,000

[1] 5E+Au (platinum, palladium, rhodium, ruthenium and iridium plus gold) metal in concentrate ounces (own-mined and purchased concentrate).
[2] Results by asset can be found in the Summary by operation on page 235.
[3] 5E+Au sales volumes exclude the sale of refined metal purchased from third parties and toll material.
[4] Total cash operating costs (includes on-mine, smelting and refining costs only) per own mined PGM ounce of production.
[5] The PGMs mining EBITDA margin excludes the impact of the sale of refined metal purchased from third parties, purchase of concentrate and tolling.
[6] Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

Operational performance

Total PGM production decreased by 14% to 3,808,900 ounces (2019: 4,440,900 ounces), mainly due to the shutdown of operations in response to the Covid-19 pandemic during the second quarter and their subsequent ramp-up, as well as the closure of some mining areas at Amandelbult mine that had reached the end of their life. By the end of December, production levels at all assets had returned to normal.

Own-mined production

PGM production from own-managed mines (Mogalakwena, Amandelbult, Unki and Mototolo and equity share of joint operations) decreased by 15% to 2,549,000 ounces (2019: 3,011,300 ounces) due to lower production at all operations as a result of the Covid-19 shutdowns, as well as the end of life of some mining areas at Amandelbult.

Mogalakwena PGM production decreased by 3% to 1,181,600 ounces (2019: 1,215,000 ounces), largely driven by reduced operating capacity in the second quarter due to the impact of Covid-19.

Amandelbult PGM production decreased by 32% to 608,100 ounces (2019: 893,300 ounces), largely due to the impact of Covid-19 which reduced capacity during the second and third quarter in particular, as well as the infrastructure closures in December 2019 at Tumela Upper section and surface production reaching its end of life.

Production from other operations decreased by 16% to 759,300 ounces (2019: 903,000 ounces), driven by lower production at joint operations.

Purchase of concentrate

Purchase of concentrate, excluding tolling, decreased by 12% to 1,259,900 ounces of PGMs (2019: 1,429,600 ounces), reflecting the lower production from joint operations.

Refined production and sales volumes

Refined PGM production (excluding toll-treated metal from Sibanye-Stillwater) decreased by 42% to 2,713,000 ounces (2019: 4,650,000 ounces) following shutdowns of the ACP during the year. The ACP Phase A unit was closed for a rebuild following an explosion within the converter in February, with the ACP Phase B unit being returned to operation from maintenance during May. The ACP Phase B unit was subject to additional inspections and controls, which led to intermittent stoppages during the remainder of the year until it was pre-emptively closed on 5 November to ensure a continued safe operating environment. The rebuild of the ACP Phase A unit was successfully completed ahead of schedule on 24 November, with first converter matte dispatched to the Base Metal Refinery for further processing on 7 December. The ACP Phase B unit is now undergoing its planned full rebuild, scheduled to be completed in the second half of 2021.

The ACP stoppages during 2020 resulted in an increase of work-in-progress inventory of 1.0 million ounces, which is expected to be drawn down over 2021 and 2022.

PGM sales volumes decreased by 38% to 2,868,500 ounces (2019: 4,633,700 ounces), due to the lower refined production, although refined inventory from minor metals was drawn down to supplement sales.

Operational outlook

PGM metal in concentrate production guidance for 2021 is 4.2–4.6 million ounces, with own-mined output accounting for c.65%. Refined PGM production guidance for 2021 is 4.6–5.0 million ounces, supported by a drawdown in work-in-progress inventory levels in the year. Both are subject to the extent of further Covid-19-related disruption. Unit costs in 2021 are expected to be c.$700/PGM ounce, reflecting the recovery in volumes.

Iron Ore
Kumba Iron Ore/Iron Ore Brazil

Anglo American's iron ore operations provide customers with high grade iron ore products which help our steel customers meet ever-tighter emissions standards. In South Africa, we have a majority share (69.7%) share in Kumba Iron Ore, while in Brazil we have developed the integrated Minas-Rio operation.

Seamus French
CEO, Bulk Commodities and Other Minerals

Themba Mkhwanazi
CEO, Kumba Iron Ore

Wilfred Bruijn
CEO, Anglo American, Brazil

2020 Summary – Kumba

Fatalities	TRCFR
0	1.74

Underlying EBITDA	Mining EBITDA margin
$2,702m	55%

Production volume
37.0 Mt

2020 Summary – Iron Ore Brazil (Minas-Rio)

Fatalities	TRCFR
0	1.87

Underlying EBITDA	Mining EBITDA margin
$1,863m	62%

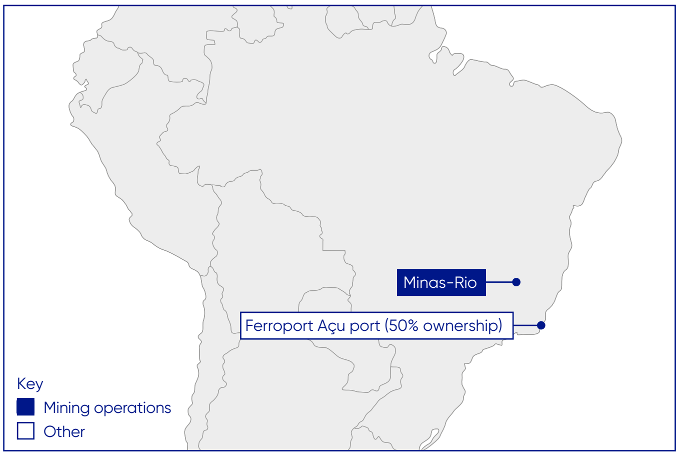
Production volume (wet basis)
24.1 Mt

Kumba operates two open pit mines – Sishen and Kolomela – both located in the Northern Cape of South Africa, producing high grade (64-65% average Fe content) and high quality lump ore and a premium fine ore. Around 67% of Kumba's production is lump, which commands a premium price, owing to its excellent physical strength and high iron content. Kumba is serviced by an 861 km rail line to the Atlantic coast at Saldanha Bay, managed by Transnet.

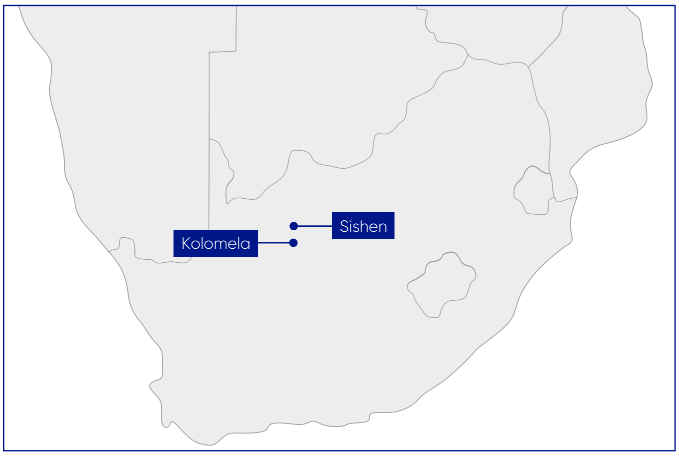
Our Marketing teams work closely with our customers to blend and match our products with their needs – before shipment from Saldanha Bay to China, Japan, Europe, India and the Americas.

Our integrated iron ore operation in Brazil, Minas-Rio, consists of an open pit mine and beneficiation plant, which produces a high grade (c. 67%) pellet feed product, with low levels of contaminants. The iron ore is then transported through a 529 km pipeline to the iron ore handling and shipping facilities at the Port of Açu.

Brazil



South Africa



Iron Ore – consumption by region

China	63%
Europe (incl. CIS)	11%
Other Asia	10%
India	8%
Middle East	3%
North America	3%
South America	2%
Other	1%
Total	**2,265 Mt**

Source: Wood Mackenzie Q4 LT market outlook

Mined Iron Ore by region

Australia	41%
Brazil	16%
China	13%
Europe (incl. CIS)	11%
India	9%
North America	5%
Africa	2%
Other South America	2%
Other	1%
Total	**2,294 Mt**

Source: Wood Mackenzie Q4 LT market outlook

Uses of iron ore

Iron ore is the key raw material in steel.

Steel is the world's most important engineering and construction material. Over half of the world's steel is consumed by the construction industry, which includes buildings and infrastructure, such as railways and roads. Steel is also used to manufacture vehicles, machinery, household appliances and many other items associated with everyday life.

The world's largest steel-producing country is China, making it easily the biggest importer of iron ore.

Kolomela's autonomous drilling programme continues to yield significant operational efficiencies, while greatly improving the working conditions of employees. Here, drill operator Lizinda Members is now able to operate drill rigs from a central control room rather than being in the open pit.

Continuing to lead the way in autonomous drilling

Kumba's focus on improving occupational health and safety and operational efficiency through innovative technology has seen the company transition from manual drilling to a fully automated drill fleet which removes operators from harm's way while simultaneously realising greater efficiencies.

Following several years in the planning, in 2016, Kumba gave the green light to the autonomous drilling project at its Kolomela mine. However, as a pioneering project – autonomous drilling had not been tried anywhere in Africa in iron ore mining – a great deal of creative thinking was required, particularly in the early days. Kumba, therefore, assembled a team of renowned service providers to work alongside its mining team and experts from Anglo American's technical team, with each service provider being tasked with producing a world class mining application in their own area, while many products had to be custom-built.

This made for an intricate process, managing a diverse team of experts to introduce groundbreaking technologies and equipment.

The project has been a success. Since Kolomela converted all six of its drills to autonomous drilling, drill performance has improved by 20-30%, and the impact of time lost during shift change-overs has been mitigated. The working conditions of drill operators have also changed immeasurably since the implementation of automation, which has encouraged more women to join the drilling profession. A single operator can now remotely operate multiple drills from the safety and comfort of a control room, with state-of-the art computers, rather than from the dusty and noisy conditions of the open pit.

Autonomous drilling has brought greater accuracy; its precision has also allowed Kolomela to better identify ore quality, blast more efficiently, and has facilitated better loading capacity on the back of enhanced shovel performance. Quality has also improved significantly, as autonomous drilling has led to better fragmentation, which has increased the ore grade of the material sent for processing.

Operators have the benefit of camera-based visual monitoring, in real time, which enables automated process optimisation and early problem detection. Furthermore, no jobs are being lost as a result of the drilling automation project and a new group of drill operators is undergoing training and being upskilled.

Kolomela's implementation of automated drilling is a great example of technology enhancing the safety of our people, promoting greater gender diversity and improving efficiencies in our processes. Based on Kolomela's success, Kumba intends to convert a further 10 of the drilling rigs in its giant Sishen open pit to autonomous working by the end of 2022.

Kumba Iron Ore

2020 Results – Kumba Iron Ore[1]

	2020	2019
Production volume (Mt)	37.0	42.4
Sales volume (Mt)	39.8	42.0
Unit cost ($/t)[2]	31	33
Group revenue – $m	4,880	4,445
Underlying EBITDA – $m[3]	2,702	2,243
Mining EBITDA margin	55%	50%
Underlying EBIT – $m[3]	2,386	1,918
Capex – $m	354	389
Attributable ROCE	84%	70%
Fatalities	0	0
TRCFR	1.74	2.06
Energy consumption – million GJ	8.1	8.8
GHG emissions – Mt CO_2 equivalent	0.91	1.00
Total water withdrawals – million m³[4]	10.6	n/a
Employee numbers	6,200	6,000

[1] Sales volume, stock and realised price differ to Kumba's stand-alone reported results due to sales to other Group companies.
[2] Unit costs are on an FOB (dry) basis.
[3] Kumba Iron Ore segment includes $80 million projects and corporate costs (2019: $66 million).
[4] Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

Safety

Kumba has not had a loss of life incident since 2016. In 2020, the TRCFR decreased by 16% to 1.74 (2019: 2.06), the lowest on record. This commitment to safe, sustainable and responsible mining has been achieved through increased safety leadership visibility, high-risk work verifications and fatigue management.

In 2020, Kumba achieved a 99% compliance to the critical control monitoring plan, a key element of the Elimination of Fatalities programme which is central to safety performance.

Technology is playing an increasingly important role in monitoring and managing safety behaviour. During the year, Kumba introduced pit-wall monitoring; behaviour monitoring to manage driving speed and capability; and Passport 360, enabling onboarding with single induction, real-time contractor management.

Environmental performance

Energy use decreased by 8% to 8.1 million GJ (2019: 8.8 million GJ) and GHG emissions decreased by 9% to 0.91 Mt CO_2e (2019: 1.00 Mt CO_2e), partly due to the decrease in production resulting from the Covid-19 restrictions in place in the first half, as well as the benefits realised from energy-efficiency projects on haul trucks.

Financial and operational review

Underlying EBITDA increased by 20% to $2,702 million (2019: $2,243 million), driven by a higher average realised iron ore price of $115/tonne (2019: $97/tonne) and a 6% decrease in unit costs to $31/tonne (2019: $33/tonne), largely reflecting the weaker South African rand, partly offset by lower sales volumes.

Sales volumes decreased by 5% to 39.8 Mt (2019: 42.0 Mt), principally reflecting an 84% decrease in domestic sales, lower production volumes that were impacted by Covid-19-related disruptions, and extended annual maintenance on a ship loader.

Capital expenditure decreased by 9% to $354 million (2019: $389 million), reflecting the weaker South African rand.

Markets

	2020	2019
Average market price (IODEX 62% Fe CFR China –$/tonne)	109	93
Average realised price (Kumba export – $/tonne) (FOB Saldanha)	115	97

Kumba's FOB realised price of $115/dry metric tonne was 18% higher than the equivalent IODEX 62% Fe FOB Saldanha market price, principally reflecting the higher iron content at 64.3% and relatively high proportion (approximately 69%) of lump in the product portfolio (which helps steel mills reduce emissions). There was also a $6/tonne timing benefit (2019: $1/tonne), principally related to the pricing of our products on the date of delivery.

Operational performance

Production decreased by 13% to 37.0 Mt (2019: 42.4 Mt), largely due to the impact of Covid-19 and logistical capacity constraints. Sishen's production decreased by 13% to 25.4 Mt (2019: 29.2 Mt) and Kolomela's decreased by 12% to 11.7 Mt (2019: 13.2 Mt).

Operational outlook

Kumba's production guidance for 2021 is 40–41 Mt, subject to the extent of further Covid-19-related disruption.

Unit costs for 2021 are expected to increase to c.$34/tonne, with the benefit of higher volumes more than offset by the stronger South African rand and cost inflation.

Minas-Rio

2020 Results – Minas-Rio

	2020	2019
Production volume (Mt)[1]	**24.1**	23.1
Sales volume (Mt)	**23.8**	22.9
Unit cost ($/t)	**21**	21
Group revenue – $m	**3,074**	2,313
Underlying EBITDA – $m[2]	**1,863**	1,164
Mining EBITDA margin	**62%**	50%
Underlying EBIT – $m[2]	**1,705**	1,034
Capex – $m	**163**	205
Attributable ROCE	**30%**	20%
Fatalities	**0**	0
TRCFR	**1.87**	1.48
Energy consumption – million GJ	**5.2**	5.1
GHG emissions – Mt CO_2 equivalent	**0.20**	0.20
Total water withdrawals – million m[3(3)]	**35.3**	n/a
Employee numbers	**2,500**	3,000

(1) Production is Mt (wet basis).
(2) Iron Ore Brazil segment includes $63 million projects and corporate costs (2019: $55 million).
(3) Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

Safety

Minas-Rio has not had a fatal incident since 2015. In 2020, the TRFCR increased by 26% to 1.87 (2019: 1.48). The successful measures put in place to safeguard the workforce from Covid-19 affected scheduling of operations and shutdowns which, in turn, increased the complexity of managing the safety controls in place. A safety leadership programme was initiated in 2020, while the continued integration of the Group's Operating Model and Operational Risk Management processes will be key to ensuring that all tasks, even those not properly scheduled, are well planned and fully resourced.

Environmental performance

Minas-Rio's energy use and GHG emissions remained relatively flat year-on-year; energy use increased marginally to 5.2 million GJ (2019: 5.1 million GJ) and GHG emissions remained level at 0.20 Mt CO_2e (2019: 0.20 Mt CO_2e). Solar and wind energy contracts have been signed to supply electricity to Brazil operations from 2022, demonstrating our commitment to minimising GHG emissions through the purchase of 686.2 GWh/year of clean, renewable energy.

Financial and operational review

Underlying EBITDA increased by 60% to $1,863 million (2019: $1,164 million), reflecting higher average realised prices, the impact of the weaker Brazilian real, higher volumes and the continued focus on cost control. Unit costs of $21/tonne were in line with the prior year, as additional pipeline inspection costs were offset by the impact of the weaker Brazilian real and higher volumes.

Capital expenditure was lower than the prior year at $163 million (2019: $205 million), driven primarily by the weaker Brazilian real, partly offset by spend on P101 initiatives and a routine tailings dam raise.

Markets

	2020	2019
Average market price (MB 66% Fe Concentrate CFR – $/tonne)	**120**	104
Average realised price (Minas-Rio – $/tonne) (FOB wet basis)	**107**	79

Minas-Rio's pellet feed product is also higher grade (higher iron content of 67% and lower impurities) than the reference product used for the IODEX 62% Fe CFR China index. The Metal Bulletin (MB) 66 index, therefore, is used when referring to Minas-Rio product. Adjusting for moisture, the Minas-Rio realised price of $107/wet metric tonne (2019: $79/wet metric tonne) was 14% higher than the average MB 66 FOB Açu index, reflecting the higher iron content as well as a $9/tonne timing benefit (2019: $1/tonne) related to the pricing of our products on the date of delivery.

Operational performance

Production increased by 4% to 24.1 Mt (2019: 23.1 Mt), driven by a strong operational performance and the impact of P101 productivity initiatives, despite a one-month planned stoppage to carry out routine internal scanning of the pipeline. Production was not affected by the Covid-19 pandemic, owing to the successful measures put in place to safeguard the workforce and our host communities.

Operational outlook

Production guidance for 2021 is 24–26 Mt, supported by P101 productivity initiatives, subject to the extent of further Covid-19-related disruptions.

Unit cost guidance is c.$22/tonne, as the benefit of higher volumes is largely offset by routine maintenance and infrastructure improvements.

Coal
Metallurgical Coal/Thermal Coal

Our high quality assets provide a reliable supply of niche products that our wide range of customers need, in both metallurgical coal (for steelmaking) and thermal coal (for electricity generation). Our coal portfolio is geographically diverse, with metallurgical coal assets in Australia, and thermal coal assets in South Africa and Colombia.

Seamus French
CEO, Bulk Commodities and Other Minerals

Tyler Mitchelson
CEO, Metallurgical Coal

July Ndlovu
CEO, Coal South Africa

Summary – Metallurgical Coal

Fatalities	TRCFR
0	4.72
Underlying EBITDA	**Mining EBITDA margin**
$50 m	3%

Production volume
16.8 Mt

Summary – Thermal Coal South Africa

Fatalities	TRCFR
1	1.55
Underlying EBITDA	**Mining EBITDA margin**
$(15) m	(6)%

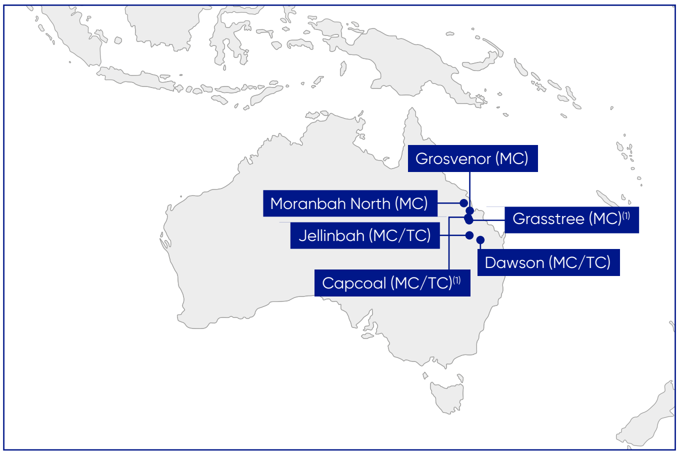
Export production volume
16.5 Mt

Our business

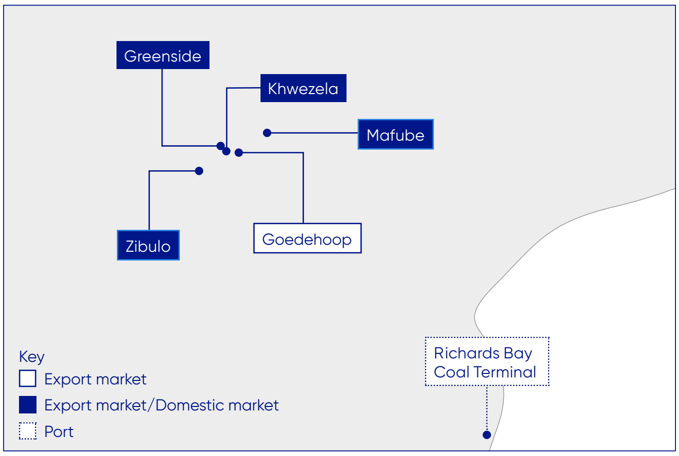
We are the world's third largest exporter of metallurgical coal for steelmaking and our operations serve customers throughout Asia, Europe and South America. Our tier one assets include the Moranbah North and Grosvenor (both 88% ownership) metallurgical coal mines, both located in Queensland, Australia. In 2020, Anglo American completed a transaction to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor through the sale of a 12% interest in Grosvenor mine to the minority joint operation participants in Moranbah North.

We have more than halved our thermal coal production footprint in South Africa in recent years to focus on export markets, supplying around 17 Mtpa of thermal coal to our customers, mainly in Asia.

Australia



South Africa



[1] Part of the Capcoal complex.

Colombia

Our South African export product is derived from three wholly owned and operated mines – Goedehoop, Greenside and Khwezela; Zibulo (73% owned); as well as from Mafube colliery, a 50:50 joint operation. These mines operate in the first half of the seaborne cost curve and produce high quality thermal coal. We also produce around 10 Mt each year of thermal coal for sale to the domestic market. It is our intention to divest our thermal coal operations in South Africa, most likely via a demerger, continuing our responsible approach to our transition away from thermal coal production.

In Colombia, Anglo American, BHP and Glencore each have a one-third shareholding in Cerrejón, an independently managed associate and one of the country's largest thermal coal exporters.

Uses of coal

Metallurgical coal is used principally in blast-furnace steelmaking production; around 70% of global steel output is produced using this method and, currently, there are no viable at scale substitutes for metallurgical coal in the steelmaking process.

Emerging markets, particularly in the Asia-Pacific region, continue to drive demand for metallurgical coal – helping to generate the steel needed for infrastructure, housing, transport and machinery.

Thermal coal is the heat source for around 40% of all electricity generated globally today. India and China's reliance on thermal coal is expected to drive demand in absolute terms in the near term.

Metallurgical coal consumption by region

China	70%
Other Asia	15%
Europe (incl. CIS)	11%
South America	2%
North America	1%
Africa	–
Other	–
Total	**1,134 Mt**

Source: Wood Mackenzie, Metallurgical Coal Outlook H2 2020

Metallurgical coal production by region

China	64%
Australia	15%
Europe (incl. CIS)	9%
North America	7%
Other Asia	3%
Other	1%
Africa	1%
Total	**1,135 Mt**

Source: Wood Mackenzie, Metallurgical Coal Outlook H2 2020

Thermal coal consumption by region

China	54%
Other Asia	24%
Europe (incl. CIS)	11%
North America	7%
Africa	3%
Australia	1%
Total	**6,723 Mt**

Source: Wood Mackenzie, H2 2020

Thermal coal production by region

China	51%
Other Asia	21%
Europe (incl. CIS)	12%
North America	7%
Africa	4%
Australia	4%
Other	1%
Total	**6,740 Mt**

Source: Wood Mackenzie, H2 2020

Metallurgical Coal

Safety

Metallurgical Coal was fatality-free during 2020; however five colleagues were seriously injured at Grosvenor mine in a gas ignition incident in May. The total recordable case frequency rate decreased by 24% to 4.72 (2019: 6.20) due to a continued high level of focus on safety and health that was reflected in an overall improvement across our operations. Metallurgical Coal's business safety improvement plan is focused on the elimination of fatalities. In 2020, this work concentrated on standardising and embedding key critical controls across site processes and procedures as related to high-risk hazards.

The focus on risk management and critical controls will continue through 2021, including on real-time frontline activity assurance.

Environmental performance

Energy use and GHG emissions decreased year-on-year, primarily due to implementation of priority projects to meet the Group's 2030 Sustainable Mining Plan targets, and the cessation of operations at the Grosvenor mine following the gas ignition incident in May 2020. Energy use decreased by 16% to 8.5 million GJ (2019: 10.1 million GJ) and GHG emissions by 9% to 7.40 Mt CO_2e (2019: 8.17 Mt CO_2e).

Financial and operational review

Underlying EBITDA decreased by 97% to $50 million (2019: $1,707 million), driven by a 34% reduction in the weighted average realised price for metallurgical coal, a 25% decrease in sales volumes and the associated 37% increase in unit costs to $86/tonne (2019: $63/tonne). The volume and cost performances were principally impacted by two underground operational incidents at Moranbah North and Grosvenor, as well as a longwall move at Grosvenor.

Capital expenditure was marginally higher due to increased activity at the Aquila life-extension project, largely offset by a decrease in development work at Grosvenor owing to the suspension of all underground activities since the gas ignition incident in early May.

Markets

	2020	2019
Average benchmark price – hard coking coal ($/tonne)[1]	124	177
Average benchmark price – PCI ($/tonne)[1]	78	110
Average realised price – hard coking coal ($/tonne)[2]	112	171
Average realised price – PCI ($/tonne)[2]	84	110

(1) Represents average spot prices.
(2) Realised price is the sales price achieved at managed operations.

Average realised prices differ from the average market price owing to differences in material grade and timing of contracts. Hard coking coal price realisation decreased to 90% of benchmark in 2020 (2019: 97%), as sales consisted of a lower proportion of premium quality hard coking coal from Moranbah North and Grosvenor.

Market prices decreased in the first half of 2020 as Covid-19-related lockdowns impacted demand. Despite a brief recovery in the third quarter, prices decreased again towards the end of the year due to China's unofficial import restrictions on Australian coal.

Operational performance

Production decreased by 26% to 16.8 Mt (2019: 22.9 Mt), principally due to the suspension of operations at Grosvenor, the fall of ground during the first quarter at Moranbah North and subsequent geotechnical challenges, and the impact of a longwall move at Grosvenor. Open cut operations were scaled back at Dawson and Capcoal in response to reduced demand for lower quality metallurgical coal.

At Grosvenor, operations have been suspended since the beginning of May following the gas ignition incident underground. Anglo American is continuing to respond to the incident, including through investing in the acceleration of technology and sealing off part of the affected longwall panel to prepare the mine for restart. The incident resulted in a $100 million write down relating to lost equipment and longwall assets in that area. Grosvenor is currently expected to return to operation in the second half of 2021.

2020 Results – Metallurgical coal

	2020	2019
Production volume (Mt)[1]	16.8	22.9
Sales volume (Mt)[2]	16.9	22.4
Price ($/t)[3]	109	165
Unit cost ($/t)[4]	86	63
Group revenue – $m	1,909	3,756
Underlying EBITDA – $m[5]	50	1,707
Mining EBITDA margin	3%	45%
Underlying EBIT – $m[5]	(468)	1,079
Capex – $m	683	670
Attributable ROCE	(15)%	39%
Fatalities	0	1
TRCFR	4.72	6.20
Energy consumption – million GJ	8.5	10.1
GHG emissions – Mt CO_2 equivalent	7.40	8.17
Total water withdrawals – million m^3[6]	20.8	n/a
Employee numbers	2,000	2,000

(1) Production volumes are saleable tonnes and exclude thermal coal production of 2.0 Mt (2019: 1.4 Mt).
(2) Sales volumes exclude thermal coal sales of 2.3 Mt (2019: 1.8 Mt).
(3) Realised price is the weighted average hard coking coal and PCI sales price achieved at managed operations.
(4) FOB cost per saleable tonne, excluding royalties and study costs.
(5) Metallurgical Coal segment includes $74 million projects and corporate costs (2019: $69 million).
(6) Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

Guided by our recently updated Mining Closure Toolbox, employees at our Dawson metallurgical coal mine are participating in our Growing Together initiative, which will see more than 9,000 trees planted as we continue to rehabilitate land at the former mining site.

Mine closure and rehabilitation – the greening of Dawson mine

A mine continues to have social and environmental impact long after the end of its operational life. Through effective and responsible closure planning and rehabilitation, our aim is that we leave a positive, healthy and sustainable legacy long after our mine gates shut for the last time.

Globally, Anglo American manages 650,200 hectares of land, of which 86,900 hectares have been disturbed by our operations. To date, 15,100 hectares have been rehabilitated, while a further 10,300 hectares require rehabilitation.

Our approach to mine closure and rehabilitation puts emphasis on rigorously managing our financial responsibilities, working with stakeholders to address social impacts, and starting to restore the land around our operations while they are still active. This 'cradle-to-cradle' approach means that we start to plan for closure in the discovery phase and continue until an enduring post-mining legacy has been achieved.

Our recently updated Mine Closure Toolbox is a structured, risk-based framework for planning and managing any closures. During 2020, we made significant progress regarding compliance with the Toolbox. The majority of operations are compliant with the Group Technical Standard and we will continue to work towards getting all sites fully compliant. And in the 2018 LTIP award, rehabilitation targets were included as a performance measure for senior executives.

As we move forward on our rehabilitation agenda, partnerships with outside organisations are taking on increasing importance. In Queensland in Australia, Metallurgical Coal's Dawson mine has teamed up with leading provider of heavy equipment, technology and services for the mining, construction and forestry industries, Komatsu. The partnership, Growing Together, aims to return mined land to agricultural use, and support the re-establishment of native plant species using the latest reclamation methods.

Growing Together started with employees from both companies working together to plant more than 4,000 trees at Dawson mine in March 2020, with plans for a second planting in 2021. They were joined by around 40 students from three local schools and Traditional Owners from the Gangulu Nation. Together, they planted various native eucalyptus species across a 90-hectare site where mining activities have ceased.

The planting included a pilot of biodegradable COCOON® planting technology. The COCOON® system, which uses tree incubators made from wax-reinforced recycled carton, reduces the need for irrigation, requires 100 times less water than traditional methods, and has the potential to raise tree survival rates to at least 90%.

This new partnership with Komatsu builds on our existing commitment to rehabilitation, which saw more than 400 hectares of land rehabilitated at our two open cut metallurgical coal mines in central Queensland in 2020.

Operational outlook

Export metallurgical coal production guidance for 2021 is 18–20 Mt, but is expected to be at the lower end of the range following a suspension of operations at Moranbah North in response to elevated gas levels on 20 February 2021, subject to the timing of a safe restart at Moranbah North, as well as the extent of further Covid-19-related disruption. Unit cost guidance is c.$75/tonne; a reduction of 13% from 2020, reflecting increased volumes following the restart of the Grosvenor longwall, expected in the second half of 2021. The guidance reflects the sale of a 12% interest in the Grosvenor mine, which was completed on 18 December 2020, equalising the ownership across its integrated operations at Moranbah North and Grosvenor.

Thermal Coal

Safety – South Africa

In 2020, our South African thermal coal business regrettably recorded one fatality, when Jabulani Nkambule lost his life in an underground fall of ground incident at Zibulo colliery. The total recordable case frequency rate was in line with the prior year at 1.55.

Environmental performance – South Africa

Total energy use was in line with the prior year at 3.5 million GJ and GHG emissions decreased by 7% to 0.84 Mt CO_2e (2019: 0.90 Mt CO_2e). This improved performance can be attributed to the continued implementation of initiatives identified through the ECO$_2$MAN programme, a decrease in production as some mine sections reached their end of life at Goedehoop, and the impact of Covid-19-related restrictions on production. The implementation of the Group's Advanced Process Control project has delivered energy-efficiency benefits at the Greenside, Goedehoop, Phola, Mafube and Navigation plants.

Financial and operational review – South Africa

Underlying EBITDA was a $15 million loss (2019: $5 million loss), driven by a 7% decrease in the realised export thermal coal price and lower export sales volumes of 16.6 Mt (2019: 18.1 Mt) owing to the impact of the Covid-19 restrictions on operations and logistics infrastructure. Unit costs benefited from the weaker South African rand at $38/tonne (2019: $45/tonne), with productivity improvements and cost savings also contributing to offset the effects of inflation and lower production volumes.

Capital expenditure decreased by 30% to $184 million (2019: $264 million), principally driven by the weaker South African rand and the completion of the Navigation life-extension at Khwezela, and the rescheduling of other projects into 2021 due to the impact of Covid-19.

Revenue for thermal coal includes amounts realised from the sale of volumes purchased from third parties (non-equity traded sales) that were not mined by the Group. Excluding these volumes, revenue from the mining of thermal coal (including Thermal coal business volumes from South Africa, Colombia and the Metallurgical Coal business) for the year was $1,384 million, or 4% of the Group's revenue (2019: $1,783 million, 6%).

Markets

	2020	2019
Average market price ($/tonne, FOB South Africa)	**65**	72
Average market price ($/tonne, FOB Colombia)	**48**	54
Average realised price ($/tonne, FOB South Africa)[1]	**57**	61
Average realised price ($/tonne, FOB Colombia)	**46**	56

[1] Realised price is the weighted average export thermal coal price achieved. Excludes third-party sales from locations other than Richards Bay.

The average realised price for export thermal coal differs from the average market price owing principally to quality discounts relative to the industry benchmark and timing differences.

South Africa export thermal coal average realised prices were 7% lower as the Covid-19 demand-driven declines during the first half were only partly offset by a strong recovery in the second half as Covid-19 restrictions eased in India and China. In the second half of 2020, imports to India, a key market for South African coal, returned to the levels experienced in the same period in 2019. A shortage of thermal coal in China led to accelerated customs clearance at Chinese ports in December 2020, providing a boost to seaborne demand.

The Colombia realised price difference decreased year-on-year, broadly in line with the lower market price.

Operational performance – South Africa

Export production decreased by 7% to 16.5 Mt (2019: 17.8 Mt), mainly due to the impact of Covid-19 operational restrictions and mine sections reaching their end of life at Goedehoop.

2020 Results – Thermal coal South Africa

	2020	2019
Export production volume (Mt)[1]	**16.5**	17.8
Export sales volume (Mt)[2]	**16.6**	18.1
Unit cost ($/t)[3]	**38**	45
Group revenue – $m	**1,680**	1,887
Underlying EBITDA – $m[4]	**(15)**	(5)
Mining EBITDA margin[5]	**(6)%**	(3)%
Underlying EBIT – $m[4]	**(81)**	(94)
Capex – $m	**184**	264
Attributable ROCE	**(21)%**	(19)%
Fatalities	**1**	1
TRCFR	**1.55**	1.56
Energy consumption – million GJ	**3.5**	3.5
GHG emissions – Mt CO_2 equivalent	**0.84**	0.90
Total water withdrawals – million m^3[6]	**31.4**	n/a
Employee numbers	**4,600**	5,000

[1] Production volumes are saleable tonnes. South African production volumes include export primary production, secondary production sold into export markets, production sold domestically at export parity pricing and excludes other domestic production of 14.0 Mt (2019: 10.0 Mt).
[2] South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and exclude domestic sales of 12.4 Mt (2019: 9.8 Mt) and non-equity traded sales of 9.4 Mt (2019: 10.9 Mt).
[3] FOB cost per saleable tonne, excluding royalties and study costs for the trade operations.
[4] Thermal Coal – South Africa segment includes $42 million projects and corporate costs (2019: $59 million).
[5] Excludes impact of third-party sales.
[6] Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

2020 results – Thermal coal Colombia[1]

	2020	2019
Production volume (Mt)[2]	4.1	8.6
Sales volume (Mt)	4.5	8.8
Unit cost ($/t)[3]	39	33
Group revenue – $m	209	494
Underlying EBITDA – $m	0	130
Mining EBITDA margin	0%	26%
Underlying EBIT – $m	(83)	25
Attributable ROCE	(21)%	4%

[1] Represents the Group's attributable share from its 33.3% interest in Cerrejón.
[2] Production volumes are saleable tonnes.
[3] FOB cost per saleable tonne, excluding royalties.

Financial and operational review – Colombia

The decrease in underlying EBITDA reflects the 48% reduction in sales volumes principally as a result of Covid-19-related restrictions on production and the three-month strike, as well as an 18% decrease in average realised price. Unit costs increased by 18% to $39/tonne (2019: $33/tonne) due to the lower production volumes.

Operational performance – Colombia

Anglo American's attributable production from its 33.3% ownership of Cerrejón decreased by 52% to 4.1 Mt (2019: 8.6 Mt) owing to the impact of Covid-19-related restrictions on production in the first half and the effect of the strike in the second half.

Operational outlook – export thermal coal

Production guidance in 2021 for export thermal coal is unchanged at c.24 Mt (Export South Africa c.16 Mt; Colombia c.8 Mt – attributable share), subject to the extent of further Covid-19-related disruption.

The Covid-19 pandemic has affected poor, rural communities particularly badly. Here, in South Africa's Mpumalanga province, our Greenside and Khwezela collieries fast-tracked the development of a medical unit, which was then handed over to Witbank's Specialised Tuberculosis Hospital in the continuing fight against Covid-19, TB, HIV/AIDS and other infectious diseases.

Improving people's lives in Mpumalanga

In line with our Purpose, we continue to play an active role in improving the lives not only of our workforce, but of the local communities around our operations. As South Africa's largest mining company, we have a special responsibility for their health and well-being.

Over the past year, South Africa has had to face up to the challenge of managing a pandemic against the background of a fragile economy. Covid-19 has had a particularly harsh impact in the country's poor, rural areas such as Mpumalanga where our Thermal Coal business operates a number of mines.

When an occurrence such as the Covid-19 outbreak takes hold of countries, there is a real danger that so many resources are directed towards tackling the outbreak that society's other pressing needs are pushed aside. Despite the challenges posed by Covid-19, we were able to demonstrate our ongoing commitment to healthcare at the local level by funding new facilities that offer a range of health and medical services, close to three of our thermal coal mines.

A new clinic at Mafube

In some parts of rural South Africa, it is not uncommon for medical facilities to be located many kilometres away from residential areas. And with private transport often difficult to access, many people find themselves using buses or taxis to travel to the nearest hospital or medical clinic.

At Mafube (50% owned by Anglo American), we co-funded a R14.3 million clinic which opened in December 2019. The clinic serves more than 5,000 people from the nearby Sikhululiwe village and 64 outlying farms, and is proving to be a real game-changer. Its fully staffed, 24/7 facilities include a pharmacy, consulting and counselling rooms, a dental wing, emergency rooms, labour wards, mother and baby rooms, and also a comprehensively equipped ambulance. The day clinic is open for nine hours daily during the working week and provides emergency care, treatment for chronic illnesses, integrated childhood illness management, immunisations, ante- and post-natal care, sexual and reproductive health services, HIV/TB management, and mental-health care.

Greenside and Khwezela fast-track world class health infrastructure project

As the coronavirus pandemic began to hit hard, our Greenside and Khwezela collieries fast-tracked their handover of a world class health infrastructure project that will be used to provide 24-hour care for patients. The development, built and equipped in just 10 months, is an extension of Witbank's Specialised Tuberculosis Hospital. It involved the construction of a separate medical unit that includes multiple isolation wards; a modern radiology wing incorporating radiography wing facilities, including a general X-ray room; as well as a dispensary and pharmacy. The new building also incorporates an anti-retroviral therapy clinic, with several procedure and general consulting rooms, including rooms for a social worker, physiotherapist, and dietician.

Nickel and Manganese

The Nickel and Manganese operations both provide ingredients for stainless and alloy steels. They are located in Brazil (Nickel), as well as South Africa and Australia (Manganese).

Seamus French
CEO, Bulk Commodities and Other Minerals

Wilfred Bruijn
CEO,
Anglo American, Brazil

2020 Summary – Nickel

Fatalities
0

TRCFR
1.51

Underlying EBITDA
$206 m

Mining EBITDA margin
36%

Production volume
43.5 kt

2020 Summary – Manganese

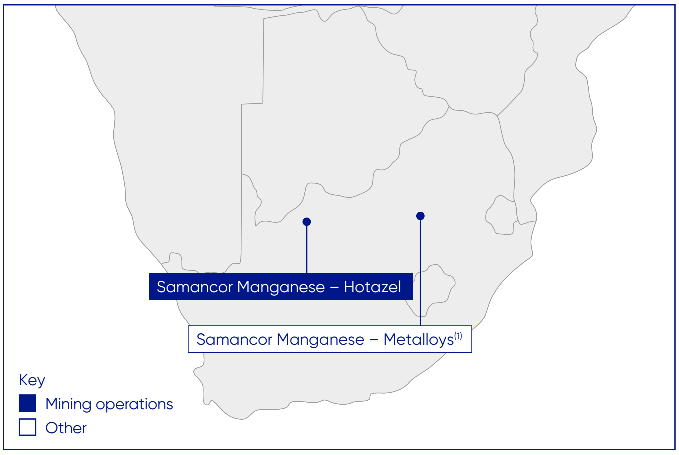
Underlying EBITDA
$304 m

Mining EBITDA margin
44%

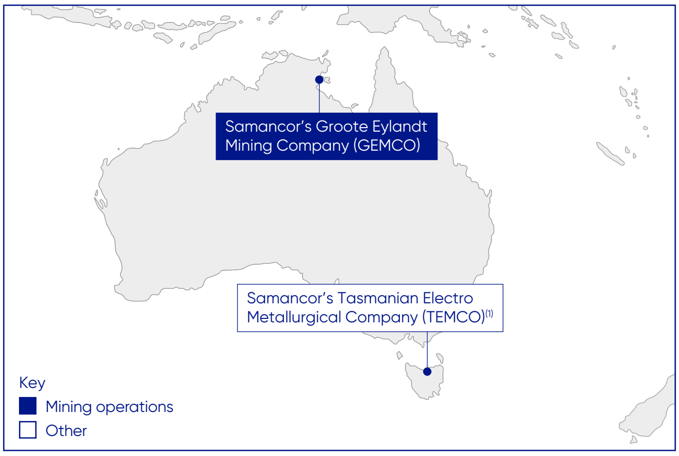
Production volume – ore and alloys
3.6 Mt

Brazil – Nickel

South Africa – Manganese



Australia – Manganese



Our business

Our nickel assets are wholly owned, consisting of two ferronickel production sites: Barro Alto and Codemin. Our Nickel business produces around 45,000 tonnes per annum of ferronickel, whose primary end use is in the global stainless steel industry.

In Manganese, we have a 40% shareholding in Samancor joint venture (managed by South32, which holds 60%).

[1] Metalloys was placed onto extended care and maintenance in 2020. TEMCO was divested in January 2021.

Nickel supply by region – smelter production

Indonesia	28%
China	26%
Oceania	11%
Russia	8%
Other Asia	7%
South American and Caribbean	7%
North America	7%
Europe	4%
Africa	2%
Global total	**2.5 Mt**

Source: Wood Mackenzie

Global primary Nickel demand by sector

Stainless steel	70%
Non-ferrous alloys	9%
Batteries	7%
Plating	6%
Alloy steel	3%
Other	3%
Foundry	2%
Global total	**2.3 Mt**

Source: Wood Mackenzie

Uses of nickel and manganese

The stainless steel industry uses two-thirds of the world's nickel production and virtually all ferronickel produced each year. The balance is used mainly in the manufacture of alloy steel and other non-ferrous alloys.

Stainless steel is a key input in high-tech construction, and most stainless steels contain about 8–10% nickel. As an alloying element, nickel enhances important properties of stainless steel such as formability, weldability and ductility, while increasing corrosion resistance in certain applications.

The most significant of all the industrial uses of manganese is also steel production, which consumes more than 85% of all manganese mined. The ore is particularly useful in increasing steel's resistance to oxidation; it can also improve the overall strength, durability and workability of the material.

Since the rebuilding of its two furnaces was completed in 2015, Barro Alto's plant has operated well, maintaining nameplate capacity of 36,000 tonnes of nickel contained in ferronickel per year. The longer term outlook for nickel appears to be supported by electric vehicle demand, as well as ongoing demand for later-cycle stainless and specialist steels.

The bulk ore sorting (BOS) facility at our Barro Alto nickel operation in Brazil. The primary benefit of the BOS system, which has wide potential applicability across our business, is in unlocking capacity in the mining value chain through the early rejection of waste material.

Bulk ore sorting – an innovative technology being rolled out at Barro Alto

Through FutureSmart Mining™ we are introducing the step-change innovations that will change the nature of mining – how we source, mine, process, move and market our products. And how we do so in a safe and sustainable way that saves energy and water, reduces our greenhouse gas emissions, and the amount of material we discard as 'waste'.

Bulk ore sorting (BOS) is an innovative technology which has wide potential applicability wherever ore heterogeneity is present. We are implementing it at Barro Alto, and elsewhere in our PGMs and Copper businesses. Its primary benefit is in unlocking capacity through early rejection of waste, thereby increasing the ore grade of material sent for processing.

BOS is based on real-time ore classification. Sensors determine ore content prior to processing, providing instantaneous results in respect of an ore's properties, such as its chemical and mineralogical make-up, density and colour.

Owing to its mineralogical heterogeneity, the Barro Alto deposit meets the main requirements for the BOS technology. In the nickel industry, however, BOS is still a pioneering technology and the sensors are still undergoing development in pursuit of enhanced repeatability, precision and productivity.

In this context, a two-phase trial to evaluate and demonstrate a BOS system for Barro Alto was undertaken from February to September 2020.

Phase 1
Aimed to validate and calibrate the Geoscan-M sensor. This sensor uses Prompt Gamma Neutron Activation Analysis (PGNAA) technology to generate one chemical composition every 30 seconds. The accuracy and precision evaluation for the data indicated promising results, though additional data was recommended to improve calibration.

Phase 2
Aimed to demonstrate potential classification and enrichment of the BOS system. This comprises: a feeder that receives the mined ore via trucks or front-end loaders; a mineral sizer; an intermediate conveyor belt where the Geoscan-M sensor is installed; a diverter to split the ore flow; and two radial conveyor belts to stack the ore. Trial results obtained from Phase 2 indicated an average of 15% of nickel enrichment with variable results in mass recoveries according to the ore type.

The trial results are being incorporated by our long term planning team to validate the application of BOS technology to Barro Alto and the modifications needed to accommodate the new process. In parallel, the engineering project to increase the new system's capacity is under way.

Nickel

Safety

Our Nickel business has not had a fatal incident since 2012. In 2020, the TRFCR decreased by 45% to 1.51 (2019: 2.75). Efforts during the year focused on closing the main gaps related to Operational Risk Assurance and Elimination of Fatalities audits. Advanced driver assistance systems were implemented in 315 of our own and contractors' vehicles and the integration of the Group's Operating Model and Operational Risk Management process continued to progress well.

Environmental performance

Energy use increased by 5% to 21.3 million GJ (2019: 20.2 million GJ) and GHG emissions were marginally higher at 1.24 Mt CO_2e (2019: 1.23 Mt CO_2e). Solar and wind energy contracts were signed to supply electricity to the Group's Brazilian operations between 2022 and 2036, demonstrating our commitment to minimise GHG emissions through the purchase of 686.2 GWh/year of clean energy.

Financial and operational review

Underlying EBITDA increased by 8% to $206 million (2019: $191 million), benefiting from improved operational stability and favourable foreign exchange movements, partly offset by the lower realised nickel price. Capital expenditure decreased by 21% to $33 million (2019: $42 million), driven mainly by favourable foreign exchange movements.

Within special items and remeasurements an impairment of $589 million was recognised at Barro Alto reflecting a revision of the Group's medium and long term price forecasts.

Markets

	2020	2019
Average market price (c/lb)	**625**	632
Average realised price (c/lb)	**563**	624

Ferronickel is traded based on discounts or premiums to the LME nickel price, depending on market conditions, supplier products and consumer preferences. Differences between market prices and realised prices are largely due to variances between the LME and the ferronickel price.

The average LME nickel price of 625 c/lb was 1% lower than the prior year as the impact of Covid-19 on demand in the first half was offset by the subsequent easing of restrictions, notably in China. Nickel consumption in batteries (electric vehicles and energy storage) was particularly robust, reflecting demand for metals supporting the transition to a lower carbon economy. However, the realised price decreased by 10%, principally owing to the increased ferronickel discount, driven by the higher LME nickel price at the end of 2019.

Operational performance

Nickel output increased by 2% to 43,500 tonnes (2019: 42,600 tonnes), reflecting continuing operating stability and the effect of a 40-day planned stoppage at Barro Alto in 2019.

Operational outlook

Production guidance for 2021 is 42,000–44,000 tonnes, subject to the extent of further Covid-19-related disruption.

C1 unit cost guidance for 2021 is 360 c/lb, driven mainly by higher input prices.

2020 Results – Nickel

	2020	2019
Production volume (t)	**43,500**	42,600
Sales volume (t)	**43,000**	41,700
Unit cost (c/lb)[1]	**334**	380
Group revenue – $m	**572**	572
Underlying EBITDA – $m[2]	**206**	191
Mining EBITDA margin	**36%**	33%
Underlying EBIT – $m[2]	**79**	89
Capex – $m	**33**	42
Attributable ROCE	**5%**	4%
Fatalities	**0**	0
TRCFR	**1.51**	2.75
Energy consumption – million GJ	**21.3**	20.2
GHG emissions – Mt CO_2 equivalent	**1.24**	1.23
Total water withdrawals – million m^3[3]	**8.0**	n/a
Employee numbers	**1,400**	1,000

(1) C1 unit cost.
(2) Includes $14 million of projects and corporate costs (2019: $12 million).
(3) Reporting in 2020 is aligned with the Group's water definitions; however, 2019 data is not available on the same basis. See page 96 for further detail.

Manganese

2020 Results – Manganese[1]

	2020	2019
Production volume (Mt)	**3.6**	3.7
Sales volume (Mt)	**3.6**	3.7
Group revenue – $m	**697**	926
Underlying EBITDA – $m	**304**	443
Mining EBITDA margin	**44%**	48%
Underlying EBIT – $m	**245**	388
Attributable ROCE	**82%**	109%

[1] Production, sales and financials include ore and alloy.

Financial and operational review

Underlying EBITDA decreased by 31% to $304 million (2019: $443 million), mainly owing to the lower manganese ore price and a 2% decrease in manganese ore sales due to Covid-19-related production constraints, mainly in South Africa.

Markets

The average benchmark price for manganese ore (Metal Bulletin 44% manganese ore CIF China) was $4.67/dmtu, a decrease of 16% (2019: $5.58/dmtu). In the first half of 2020, Covid-19-related mining operation shutdowns in South Africa led to tighter supply and higher manganese ore prices. In the second half of 2020, manganese ore prices eased as South African supply volumes returned to close to pre-Covid-19 levels.

Operational performance

Attributable manganese ore production was in line with the prior year at 3.5 Mt as the impact of the Covid-19 lockdowns in South Africa in the first half of the year was largely offset by an increase in Australian ore production on the back of improved mining and concentrator performance.

Crop Nutrients

Anglo American is developing the Woodsmith project in the north east of England to access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing potassium, sulphur, magnesium and calcium – four of the six nutrients that every plant needs to grow.

Chris Fraser
CEO
Crop Nutrients

2020 Summary

Fatalities
0

TRCFR
0.81

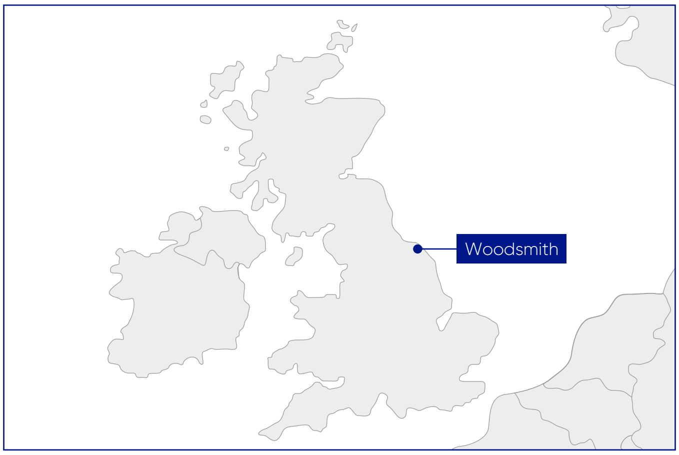
Underlying EBITDA
$1m

Crop Nutrients

Anglo American acquired Sirius Minerals Plc in March 2020 and we are progressing the development of the integrated Woodsmith project. The project will access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing four of the six nutrients that every plant needs to grow.

The Woodsmith mine is being constructed approximately three km south of Whitby, where polyhalite ore will be extracted via two 1.6 km deep mine shafts and transported to the port at Teesside on an underground conveyor belt system in a 37 km tunnel, thereby minimising impact on the surface above. It will then be granulated at a materials handling facility to produce a fertiliser product – known as POLY4 – that will be exported to a network of customers overseas from our dedicated port.

United Kingdom



Anglo American is continuing to develop the Woodsmith project in north east England to access the world's largest known deposit of polyhalite ore. The ore will be granulated to produce a premium quality organic fertiliser, known as POLY4, which will be exported to customers around the world to help meet food demand from a fast growing global population.

As a result of the highly efficient mine and conveyor design and the minimal processing requirements of the polyhalite ore, our POLY4 product will benefit from an extremely low carbon footprint, as well as being certified for organic use.

Aside from the world class nature of the orebody and the quality of the operation we are developing, the addition of POLY4 to our product range aligns well with our portfolio trajectory towards those products that support a low carbon economy and global consumer demand – in this case, for food.

Woodsmith project

Following the completion of the acquisition of Sirius Minerals Plc on 17 March 2020, integration activities have progressed well and the development of the project continued, with total capital expenditure of $292 million incurred by Anglo American during 2020. By the end of December, the excavation of the conveyor tunnel had reached almost 12 km and continued to progress well. At the mine head, the first shaft-boring machine has been assembled within the service shaft and is being commissioned, while good progress is also being made on the production shaft. The impact of Covid-19 on the project's development has been limited to date due to the successful implementation of appropriate health measures.

Following the acquisition, Anglo American initiated a detailed technical review of the project's development plan with the objectives of optimising the project and aligning it with Anglo American's technical and other standards. This review is nearing completion and confirms the high quality of the overall project design and development approach. Ahead of the scheduled mid-2021 Board update, in which we will present final capital and schedule estimates, we are refining two aspects of the project that we had allowed for in our investment case: we will likely bring forward the investment in additional ventilation to increase early production flexibility, and we are working through the detailed scheduling of the two shaft installations.

Total capital expenditure in 2021 is expected to be $0.5 billion, $0.2 billion higher than originally planned at the completion of the takeover. This investment reflects the good progress made in 2020 and the focus on certain critical-path items in 2021, including the continuation of the conveyor tunnel and site preparation for the processing facility, in addition to the ongoing shaft sinking programme.

Market development – POLY4

Supply agreements with a global customer base are in place, including with a number of well-established counterparties such as Archer Daniels Midland Company, BayWa AG, Cibra, IFFCO, Wilmar Group and Muntajat. Many of these agreements have price levels benchmarked against the market prices of the underlying key nutrients within POLY4 and have been set up on a take-or-pay basis. In total, these offtake arrangements accommodate production in excess of 10 Mtpa.

The ongoing focus of the market development activities is now around developing and implementing detailed sales and marketing strategies for each region and supporting customers with their own market development activities in order to further promote POLY4 to the end-users of the product. At the end of December, full scale farm trials, with more than 200 commercial partners around the world, were testing POLY4 as part of the commercial demonstration programme that is a key part of the product marketing strategy.

2020 Results – Crop Nutrients

	2020	2019[1]
Group revenue – $m[2]	107	n/a
Underlying EBITDA – $m[2]	1	n/a
Fatalities	0	n/a
TRCFR	0.81	n/a
Energy consumption – million GJ	0.1	n/a
GHG emissions – Mt CO_2 equivalent	0.01	n/a
Total water withdrawals – million m^3	0.2	n/a
Employee numbers	300	n/a

[1] Prior year comparative data for Crop Nutrients is not presented as results are only included from the date of acquisition; 17 March 2020.
[2] Includes results from a 30% interest in The Cibra Group, a fertiliser distributor based in Brazil.

Corporate and other

Financial review

Corporate and other reported an underlying EBITDA loss of $145 million (2019: $43 million loss). Revenue increased to $191 million (2019: $121 million), predominantly due to a ramp-up of third-party shipping activity.

Exploration

Exploration's underlying EBITDA loss decreased to $101 million (2019: $126 million loss), reflecting decreased exploration activities across most product groups, due to the impact of Covid-19-related restrictions.

Corporate activities and unallocated costs

Underlying EBITDA decreased to a $44 million loss (2019: $83 million gain), driven primarily by a reduction in profits on third-party shipping and transaction costs related to the acquisition of Sirius Minerals Plc.

	Group revenue $m	Underlying EBITDA $m	Underlying EBIT $m	Capex $m
Segment total	**191**	**(145)**	**(231)**	**21**
Prior year	121	(43)	(229)	56
Exploration	**–**	**(101)**	**(102)**	**–**
Prior year	–	(126)	(128)	1
Corporate activities and unallocated costs	**191**	**(44)**	**(129)**	**21**
Prior year	121	83	(101)	55

Non-financial information table and footnotes

Non-financial information

Reporting requirement	Policies and standards	Outcomes and additional information	Page reference
Environmental matters	Safety, Health and Environment (SHE) Way and Policy	Protecting our natural environment	38
	Climate Change Policy	Disclosures related to the recommendations of the TCFD	37 and 257
	Energy and GHG Emissions Standard	Climate change	37
	Water Policy and Water Management Standard	Water	38
	Mineral Residue Technical Management Standard	Mineral residue management	38
Employees	Code of Conduct	Building a purpose-led culture	48
	SHE Way and Policy	Safety	46
	HIV/AIDS Policy	Health	47
Human rights	Human Rights Policy	Human rights	39
Social matters	The Social Way 3.0	Social performance	39
	Responsible Sourcing Standard for Suppliers	Supply chain	41
	Supply Chain Local Procurement Policy	Supply chain	41
Anti-corruption and anti-bribery	Code of Conduct	Building a purpose-led culture	48
	Business Integrity Policy	Business integrity	48
Principal risks and impact of business activity		Our Business Model	10-11
		Our material matters	14-15
		Managing risk effectively	52-57
Non-financial KPIs		Key performance indicators	58-59

Footnotes

(1) With the exception of Gahcho Kué, which is on an attributable 51% basis.
(2) Throughout this report, 'employees' is the average number of Group employees, excluding employees of contractors, associates' and joint ventures', and including a proportionate share of employees within joint operations.
(3) Includes social security costs of $145 million borne by the Group which are also included in the Taxes Borne figure.
(4) Taxes Borne include the current tax charge accrued in the income statement (corporate income tax, withholding tax and mining taxes), together with other royalties and mining taxes, employee taxes and social security contributions and other taxes, levies and duties directly incurred by the Group. It does not include taxes incurred by other parties (e.g. customers and employees) but collected and paid by the Group on their behalf. Figures disclosed are based on numbers disclosed within the Group's income statement and exclude the impact of certain associates and joint ventures.
(5) Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2020, 2019 and 2018, data excludes De Beers' joint operations in Namibia and Botswana. Prior years' data includes De Beers' joint operations in Namibia and Botswana.
(6) Energy savings (%) is calculated as (avoided energy use)/(avoided energy use + actual energy use) where actual energy use is 81 million GJ and avoided energy use is 7.1 million GJ.
(7) GHG savings (%) is calculated as (avoided GHG emissions)/(avoided GHG emissions + actual GHG emissions) where actual GHG emissions is 16.1 $MtCO_2e$ and avoided GHG emissions is 8.2 $MtCO_2e$.
(8) During 2020, we continued building water balances for all our sites and generated a water reporting data set (using the ICMM metrics) for all withdrawals, consumptions, discharges, and re-use/recycling. This has allowed us to, for the first time, evaluate efficiency and fresh water withdrawals in a consistent way across all our operations. We also reviewed and restated the 2015 baseline data used to set our milestone and targets, correcting discrepancies and standardising the metrics used for reporting withdrawals. From 2020, we will work with this validated data. By the end of 2020, all our sites had water balances in place for the purpose of water accounting and reporting. We continue to focus on installing critical monitoring instrumentation to improve the accuracy of these water balances and therefore the data we report. This is enabling us to more accurately assess our achievements to date and understand the challenges ahead. Given the breadth and reach of the improvements to our water definitions, in 2020 we have focused on restating the 2015 and 2020 data. In 2021, we will complete the restatement of the 2016-19 withdrawal data. For this reason, this report only includes data from 2020.
(9) In 2020, we launched a new integrated social performance management system (Social Way 3.0) which has raised performance expectations and has resulted in continued improvement in our social performance. Prior to 2020, our target was full compliance against our previous standard. As we implement the new standard, sites have been required to set milestone targets on the way to the requirement of full compliance by 2022. Data for 2020 and 2019 is, therefore, not comparable. Sites are expected to have fully implemented the Social Way 3.0 by the end of 2022.
(10) Attributable free cash flow includes expenditure on non-current intangible assets (excluding goodwill).

Governance

This section of the Integrated Annual Report provides an overview of the means by which the Company is directed and controlled. The Board is there to support and challenge management and to ensure that we operate in a manner that promotes the long term success of Anglo American. Over the next few pages we describe the ways in which we seek to achieve this.

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Section Highlights

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Chairman's introduction

"Strong corporate governance underpins Anglo American's ability to live up to our Purpose and abide by our Values. The Board is committed to ensuring that we continue to adhere to high standards of corporate governance."

Stuart Chambers
Chairman

This section of the Integrated Annual Report provides an overview of the means by which the Company is directed and controlled. The Board is there to support and challenge management and to ensure that we operate in a manner that promotes the long term success of Anglo American. Over the next few pages we describe the ways in which we seek to achieve this.

Board composition

We announced a number of changes to the Board in 2020 and into 2021 as we continually refresh its composition. In carrying out such ongoing Board refreshment, which is beneficial in itself in bringing new perspectives to the Board, we strive to maintain the right balance of experience, skills, continuity and diversity required to be successful.

As we began the year, I was pleased to welcome Nonkululeko Nyembezi to the Board on 1 January 2020. Nonkululeko's engineering background and extensive experience spanning mining, steel, financial services and technology in South African and global organisations provides us great breadth of insight. In December, I was also pleased to announce that Hilary Maxson will be joining the Board on 1 June 2021. Hilary brings a combination of experience spanning finance, the capital markets, energy and technology gained across her executive career in the United States, Europe, Africa and Asia. In February 2021, we announced the appointment of Elisabeth Brinton, who joins the Board on 1 March 2021. Elisabeth's international career and experience of developing clean energy strategies aligned with climate change reduction, with a clear commercial focus on the potential for digital technologies, will bring additional insights to our Board discussions.

Following the conclusion of the Annual General Meeting (AGM) on 5 May 2020, Dr Mphu Ramatlapeng stepped down from the Board after almost seven years and, on 31 December 2020, Jim Rutherford stepped down after seven years. I would like to reiterate my thanks to both Mphu and Jim for their dedicated service and the contributions they made to the Board.

At the beginning of 2020, one-third of the Board directors were female. As part of the ongoing refreshment of the Board as tenures expire, and while the Nomination Committee identifies new non-executive directors, there may be times when the size and composition of the Board fluctuates. Following Mphu's retirement in May 2020, the Board reduced in number and female members represented 27%. Following Jim's retirement at the end of the reporting year and at the date of this report, 30% of the 10 Board directors are female, five different nationalities are represented bringing experience from all Anglo American's major markets, and two directors are people of colour. With the appointments of Elisabeth and Hilary in 2021, the Board will be at 42% female membership. We anticipate that future appointments will, as a whole, continue to support the Board's diversity aims.

The work of the Nomination Committee and the processes used in relation to Board appointments are described on page 115.

Global Workforce Advisory Panel

The Board enthusiastically embraces the board-workforce engagement recommendations contained in the UK Corporate Governance Code (the Code). The Board and management carefully considered options for the most effective, practical and sustainable way to meaningfully achieve the level of engagement contemplated by the Code. In 2019, we formed a Global Workforce Advisory Panel (the Panel) – comprising 12 employees drawn from across our business – and designated our senior independent director, Byron Grote, to chair and engage with the Panel, to enable the Board to better understand and take into account the views of the workforce. Since its inception, the Panel has met on three occasions, discussing a broad range of subjects. In 2020, the Panel overcame travel restrictions imposed by Covid-19 and held two virtual meetings to discuss a number of topics, including the Group's response to the pandemic. The Board and I were pleased with the quality and the richness of the feedback we received from the Panel and look forward to its continued insights.

For more information on the Panel and the ways in which we currently engage with our workforce:
See page 112

Stuart Chambers engaging with a construction supervisor at the Woodsmith mine site in December 2020.

Director and Board visits to operations

I believe that director and Board site visits are invaluable. They provide an opportunity for all directors to learn more about the operations and understand the opportunities and challenges faced by the businesses in their local environments. Site visits are a key mechanism for the Board to directly engage with the workforce from a range of backgrounds and seniority, and also present opportunities to meet with local stakeholders and understand their interests and concerns first hand. While the pandemic prevented us from conducting a full Board physical site visit during the year, and limited opportunities for non-executive directors' site visits. The Board managed to participate in a 'virtual site visit' to our Woodsmith project in the UK, acquired as part of the acquisition of Sirius Minerals Plc in 2020. The site visits are described on page 110.

Board effectiveness

At least every three years the Board and its committees are evaluated by an external third party that interviews the directors and senior management to form an objective opinion on the performance of the Board and its members. Every board and every individual can benefit and improve from the receipt of constructive feedback and this Board and its directors are no exception. In 2018, we conducted an external effectiveness review of the Board, its committees and each of the directors. Internal reviews were carried out in 2019 and again in 2020. The actions we took during 2020 to address the points raised in the 2019 internal review, the processes used, and the results of the 2020 evaluation are described on page 109. I am pleased to report that the overall conclusion was that the Board and committees continue to function well. Of course, there is always room for improvement and each committee and the Board itself are developing action plans to ensure that we address the points raised by the evaluations. Our 2021 effectiveness review will be externally facilitated, and the results reported on in our 2021 Integrated Annual Report.

The Board and Covid-19

Like many bodies, the Board had to adapt its practices in order to function effectively through the pandemic. I am pleased with how the Board rose to the challenge to continue to operate effectively notwithstanding the many challenges presented by the pandemic. Beginning in March 2020, we conducted all of our meetings virtually and were regularly updated by management in between formal Board meetings on the Group's response to the pandemic. We have also managed to ensure new directors' onboarding programmes have continued as planned, albeit in a virtual environment, and the virtual format of meetings has afforded the Board greater opportunities to engage with each other, with management and with employees.

Compliance with the UK Corporate Governance Code

The Board supports the principles and provisions of the UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (FRC), which is available on the FRC's website (www.frc.org.uk). The principles and provisions of the Code have applied throughout the financial year ended 31 December 2020. It is the Board's view that the Company has complied throughout the year with the Code, with the exception of Provision 38 which relates to pension contribution rates. The Group's position in respect of this matter is detailed on page 131. The ways in which the Code has been applied can be found on the following pages:

Code section and where to find details.

Section 1: Board leadership and company purpose
Further detail on how the Board promotes the long term success of the Group is provided in the Strategic Report on pages 8-19. Relations with shareholders are described on page 113. For the ways in which the Board engages with its key stakeholders, see page 13 of our Strategic Report and our Section 172 statement on page 18, and the Stakeholder engagement section on pages 112-113 of this report. Our whistleblowing programme is described on page 122.

Section 2: Division of responsibilities
Pages 100-106 give details of the Board and executive management and the Board governance structure.

Section 3: Composition, succession and evaluation
The processes we followed to refresh the Board, and the work of the Nomination Committee, are described on page 115.

Section 4: Audit, risk and internal control
The report of the Audit Committee is found on pages 116-122, with further detail on the Group's principal risks to the business in the Strategic Report on pages 53-57.

Section 5: Remuneration
The Group's remuneration policy and the report of the Remuneration Committee are found on pages 123-147.

I was disappointed that we were unable to conduct our AGM in the usual fashion but was pleased that we were nonetheless able to use the opportunity of our AGM to engage with shareholders, and answer more questions than could normally be addressed at a conventional AGM, through our question registration process.

Committee governance

Starting on page 114, each of the Board committee chairs presents a report on the activities of their committee during 2020. The effective and efficient operation of the committees and their interaction with the Board are vital to ensure that all matters receive the necessary attention in a timely manner. I am grateful to the members and the chairs of those committees in particular for their commitment and the work that they do throughout the year in this regard.

I hope you find this report useful and informative. I look forward to engaging with as many of you as possible at our 2021 AGM (whether we are able to hold it physically or are required to hold it virtually) and would encourage you to vote your shares even if you cannot attend in person, so that we gain a better understanding of the views of our shareholders as a whole.

Stuart Chambers
Chairman

Directors

Stuart Chambers (64) Ⓝ Ⓢ
Chairman

Qualifications: BSc
Appointed: 1 September 2017 and as Chairman on 1 November 2017

Skills and experience
Stuart contributes to Anglo American significant global executive and boardroom experience across the industrial, logistics and consumer sectors.

He previously served as chairman of ARM Holdings plc and Rexam plc until 2016; and as a non-executive director on the boards of Tesco PLC (2010-15), Manchester Airport Group plc (2010-13), Smiths Group plc (2006-2012) and Associated British Ports Holdings plc (2002-06). Stuart's executive career included 13 years at Pilkington plc and its subsequent parent company Nippon Sheet Glass until 2010, in a number of executive roles and ultimately as chief executive of both companies. Prior to that, he gained 10 years of sales and marketing experience at Mars Corporation, following 10 years at Shell as a chemical engineer.

Current external appointments
Chairman of Travis Perkins plc (until 31 March 2021), and a member of the UK Takeover Panel.

Nationality
British

Mark Cutifani (62) Ⓢ
Chief Executive

Qualifications: BE (Mining-Hons), FAusIMM, FREng, CEngFIMMM, DBA (Hon), DoL (Hon)
Appointed: 3 April 2013 as Chief Executive

Skills and experience
Mark contributes to Anglo American over 40 years' experience of the mining industry across a wide range of geographies and commodities.

Mark is chairman of the Group Management Committee (GMC), a non-executive director of Anglo American Platinum and chairman of De Beers.

Mark was previously CEO of AngloGold Ashanti Limited, a position he held from 2007-2013. Before joining AngloGold Ashanti, Mark was COO at Vale Inco where he was responsible for Vale's global nickel business. Prior to this he held senior executive positions with the Normandy Group, Sons of Gwalia, Western Mining Corporation, Kalgoorlie Consolidated Gold Mines and CRA (Rio Tinto).

Current external appointments
Independent director of Total S.A. and a member of the board of trustees of The Power of Nutrition, an independent charitable foundation.

Nationality
Australian

Stephen Pearce (57)
Finance Director

Qualifications: BBus (Acc), FCA, FGIA FCG, MAICD
Appointed: 24 April 2017 as Finance Director

Skills and experience
Stephen contributes to Anglo American 20 years of public company director experience and more than 30 years' experience in the mining, oil and gas, and utilities industries.

Stephen became a member of the GMC in January 2017 and joined the Board in April 2017. He is also a non-executive director of Anglo American Platinum and De Beers. Before joining Anglo American, Stephen served as CFO and an executive director of Fortescue Metals Group from 2010 to 2016. Prior to that, he held the positions of managing director and CEO of Southern Cross Electrical Engineering Ltd and was CFO of Alinta Ltd. Stephen previously served as a non-executive director of Cedar Woods Properties Ltd.

Current external appointments
Non-executive director of BAE Systems plc.

Nationality
Australian

Committee member key

Ⓐ Audit Committee
Ⓝ Nomination Committee
Ⓡ Remuneration Committee
Ⓢ Sustainability Committee
● Chair of Committee
○ Member of Committee

Tony O'Neill (63)

S

Technical Director

Qualifications: MBA, BASc (Eng), FREng, FIMMM
Appointed: 22 July 2015 as Technical Director

Skills and experience

Tony contributes to Anglo American 40 years' experience in the mining industry across numerous geographies, and commodities spanning iron ore, copper, nickel and gold.

Tony joined Anglo American in September 2013 and has responsibility for the Technical and Sustainability function. He is a member of the GMC and a non-executive director of Anglo American Platinum and De Beers.

Tony was previously Executive Vice President – Business and Technical Development at AngloGold Ashanti Limited from 2008, where he served as joint acting CEO during 2013.

His extensive career in the mining industry includes roles as Operations Executive at Newcrest Mining and Head of the Gold Business at Western Mining Corporation.

Current external appointments

None

Nationality

Australian

Byron Grote (72)

A N R

Senior Independent Director

Qualifications: PhD Quantitative Analysis
Appointed: 19 April 2013 and as Senior Independent Director on 1 January 2019

Skills and experience

Byron has over 35 years of experience across the natural resources sector. He contributes to Anglo American broad business, financial and board experience in numerous geographies.

Byron is designated by the Board to chair and engage with Anglo American's Global Workforce Advisory Panel, established in 2019.

He served on the BP plc board from 2000 until 2013 and was BP's chief financial officer during much of that period. He was previously a non-executive director of Unilever NV and Unilever PLC.

Current external appointments

Vice chairman of the supervisory board of Akzo Nobel NV and a non-executive director of Standard Chartered PLC and Tesco PLC. A member of the European Audit Committee Leadership Network and an emeritus member of the Cornell University Johnson Advisory Council.

Nationality

American/British

Ian Ashby (63)

S N R

Independent Non-executive Director

Qualifications: B Eng (Mining)
Appointed: 25 July 2017

Skills and experience

Ian contributes to Anglo American substantial knowledge of the minerals industry across a wide range of commodities, combined with global operating, major projects and capital development experience.

Ian served as President of Iron Ore for BHP Billiton between 2006 and 2012, when he retired from the company. During his 25-year tenure with BHP Billiton, Ian held numerous roles in its iron ore, base metals and gold businesses in Australia, the US and Chile, as well as projects roles in the corporate office. He began his nearly 40-year mining career as an underground miner at the Mount Isa Mines base metals operations in Queensland, Australia.

Ian has previously served as chairman of Petropavlovsk plc, and a non-executive director of Alderon Iron Ore Corp, Nevsun Resources Ltd, New World Resources PLC and Genco Shipping & Trading, and in an advisory capacity with Apollo Global Management and Temasek.

Current external appointments

None

Nationality

Australian

Marcelo Bastos (58) Ⓝ Ⓢ
Independent Non-executive Director

Qualifications: MBA, BSc (Hons) Mech Eng
Appointed: 1 April 2019

Skills and experience
Marcelo contributes to Anglo American more than 30 years of operational and project experience in the mining industry across numerous commodities and geographies, particularly in South America.

Marcelo served as chief operating officer of MMG between 2011 and 2017, responsible for the group's copper, zinc, silver, lead and gold operations, and sales and marketing. In this role, he also led the planning and development of the Las Bambas copper mine in Peru. Prior to MMG, Marcelo served as president of the BHP Mitsubishi Alliance joint venture (metallurgical coal), president of BHP's Cerro Matoso nickel operation in Colombia, president of nickel Americas, and president of Nickel West in Australia. His early career until 2004 at Vale included serving as general manager of the Carajás operations in northern Brazil and he was ultimately director for the company's base metals operations. Marcelo is a former non-executive director of Oz Minerals Ltd.

Current external appointments
Non-executive director of Aurizon Holdings Ltd, Golder Associates, and Iluka Resources Ltd.

Nationality
Brazilian/Australian

Hixonia Nyasulu (66) Ⓝ Ⓡ
Independent Non-executive Director

Qualifications: BA Hons
Appointed: 1 November 2019

Skills and experience
Hixonia contributes to Anglo American significant global board experience drawn from the natural resources, financial services and consumer industries.

Hixonia has previously served as a non-executive director on the boards of Sasol, including five years as chairman, Nedbank, Unilever NV and Unilever PLC. She has also served as a member of the South Africa advisory board of J.P. Morgan and on the board of the Development Bank of Southern Africa. In 2004, Hixonia founded Ayavuna Women's Investments (Pty) Ltd, a female-controlled investment holding company. Prior to that, she ran T.H. Nyasulu & Associates, a strategy, marketing and research company, after starting her career at Unilever in South Africa. Hixonia was a founder member of the Advisory Group formed by the World Economic Forum to set up a community of global chairs.

Current external appointments
Senior independent director of Vivo Energy plc. A member of the board of AGRA, and chairs the Africa Economic Challenge Fund, both not-for-profit organisations.

Nationality
South African

Nonkululeko Nyembezi (60) Ⓐ Ⓢ
Independent Non-executive Director

Qualifications: MSc, BSc, MBA
Appointed: 1 January 2020

Skills and experience
Nonkululeko contributes to Anglo American great breadth of technical and strategic insights with a background in engineering and extensive experience spanning mining, steel, financial services and technology in South African and global organisations.

Until June 2020, Nonkululeko was chief executive of Ichor Coal N.V. She has previously served as chair of Alexander Forbes Group and as a non-executive director on the boards of Old Mutual plc, Exxaro Resources, Universal Coal plc and Denel, and as CEO of ArcelorMittal South Africa. In her earlier career, Nonkululeko was chief officer of M&A for the Vodacom group and chief executive officer of Alliance Capital, the then local subsidiary of a New York-based global investment management company.

Current external appointments
Chairman of JSE Limited and Macsteel Service Centres SA, and a non-executive director of Standard Bank of South Africa Limited.

Nationality
South African

Committee member key

Ⓐ Audit Committee
Ⓝ Nomination Committee
Ⓡ Remuneration Committee
Ⓢ Sustainability Committee
● Chair of Committee
○ Member of Committee

Joining the Board in 2021:

Anne Stevens (72) R A N

Independent Non-executive Director

Qualifications: BSc, PhD
Appointed: 15 May 2012

Skills and experience

Anne contributes to Anglo American a wealth of experience and wide-ranging commercial acumen from a number of global industries in North, Central and South America.

Anne was chief executive of GKN plc from November 2017 to April 2018. She was formerly chairman and CEO of SA IT Services from 2011 until her retirement in December 2014. From 2006 to 2009, Anne was chairman and CEO of Carpenter Technology Corporation. Prior to this, she was COO for the Americas at Ford Motor Company until 2006, the culmination of her 16-year career with the company. Her early career was spent at Exxon Corporation, where she held roles in engineering, product development, and sales and marketing. Anne is a former non-executive director of Lockheed Martin Corporation, GKN plc and XL Catlin.

Current external appointments

Non-executive director of Aston Martin Lagonda Holdings plc

Nationality

American

Elisabeth Brinton (53)

Joins the Board as an independent non-executive director on 1 March 2021.

Skills and experience

Elisabeth will bring to the Board experience of developing clean energy strategies aligned with climate change reduction, and a clear commercial focus on the potential for digital technologies.

Elisabeth is EVP of Global Renewables & Energy Solutions at Royal Dutch Shell plc. She joined Shell in 2018 from AGL Energy, one of Australia's largest energy companies, where she led its commercial new energies business and built Australia's largest portfolio of renewables at the time in partnership with the A$3 billion Powering Australia Renewables Fund. Prior to that, Elisabeth spent 15 years in a number of senior technology roles in the US, leading the development of cloud-based customer solutions and broader digital transformations for the energy industry, having begun her career as a successful entrepreneur.

Nationality

American

Hilary Maxson (42)

Joins the Board as an independent non-executive director on 1 June 2021.

Skills and experience

Hilary will bring to the Board experience in business, spanning finance, the capital markets, energy and technology, gained across her executive career in the US, Europe, Africa and Asia.

Hilary is CFO of Schneider Electric and a member of its executive committee, based in Paris. She previously served as CFO of their largest business unit, Energy Management, having joined the company in 2017 as CFO of the Building and IT business, situated in Hong Kong. Prior to joining Schneider Electric, Hilary spent 12 years with AES in a variety of finance, M&A and business development roles, based across the US, Cameroon and the Philippines, ultimately as CFO for Asia. Hilary began her career at Bank of America and Citigroup, in New York.

Nationality

American

In addition, the following directors served during the year:

Dr Mphu Ramatlapeng stepped down from the Board as a non-executive director on 5 May 2020. Dr Ramatlapeng is a highly experienced leader who contributed to Anglo American a broad range of global health expertise at board level across both the public and private sectors.

Jim Rutherford stepped down from the Board as a non-executive director on 31 December 2020. Jim brought to the Board over 25 years' experience in investment management and investment banking and a deep understanding of the mining industry. His extensive international experience contributed considerable financial insight from the perspective of the capital markets.

Executive management

Group Management Committee members

Mark Cutifani
Chief Executive

Member since
April 2013

Stephen Pearce
Finance Director

Member since
January 2017

Tony O'Neill
Technical Director

Member since
September 2013

For full biographical details of the executive directors:
See pages 100-101

Didier Charreton (57)
Group Director – People and Organisation

Qualifications: MSc
Member since: December 2015

Skills and experience
Didier joined Anglo American in December 2015. He has held a number of senior HR roles across his 30-year career. From 2007 until 2014, Didier was chief human resources officer for Baker Hughes, the US-based oilfield services company. Prior to 2007, he was HR director at Coats plc in the UK, and before that held a number of HR roles at Schlumberger, based in the US, Argentina, Venezuela and France.

Bruce Cleaver (55)
CEO of De Beers Group

Qualifications: BSc, LLB, LLM
Member since: January 2016

Skills and experience
Bruce has served as CEO of De Beers Group since July 2016. He has previously served as Group Director, Strategy and Business Development at Anglo American, as well as Executive Head of Strategy and Corporate Affairs for De Beers, having joined the Group in 2005. Before joining De Beers, he was a partner at Webber Wentzel, Africa's largest law firm, specialising in commercial matters.

Nolitha Fakude (56)
Group Director – South Africa

Qualifications: BA (Hons)
Member since: September 2019

Skills and experience
Nolitha was appointed Group Director – South Africa in September 2019, and chairs Anglo American's South African management board. From April 2017 to August 2019 she served as a non-executive director on the Board of Anglo American plc.

A former executive director and executive vice president of strategy and sustainability at Sasol Limited until 2016, Nolitha has held various other senior executive positions in retail and financial services.

Nolitha is a non-executive director of JSE Limited and vice president of the Minerals Council of South Africa. She has served on boards as a non-executive director in the mining, manufacturing and retail sectors.

Ruben Fernandes (55)
CEO of Base Metals

Qualifications: MBA, MSc (Metallurgical Engineering)
Member since: March 2019

Skills and experience
Ruben was appointed CEO of Base Metals in March 2019. He previously served as CEO of Anglo American Brazil. Prior to joining the Group in 2012, Ruben was head of mining at Votorantim Metals in Brazil, responsible for projects and exploration activities around the world, as well as operations in Peru and Colombia. Between 2009 and 2011, he was COO at Vale Fertilizers, responsible for the fertiliser operations, sales and marketing. Ruben was also CEO of Kaolin Companies – Pará Pigments and Cadam – two subsidiaries of Vale, between 2007 and 2009, and held various analysis, marketing and project roles in Vale's Base Metals business which he joined in 1999. Between 1988 and 1998, he held several leadership roles in the special alloys industry.

Seamus French (58)
CEO of Bulk Commodities and Other Minerals

Qualifications: B Eng (Chemical)
Member since: October 2009

Skills and experience
Seamus has responsibility for the Group's Coal, Iron Ore and Nickel businesses. He is a non-executive director of Kumba Iron Ore.

Seamus joined the Group in 2007 and was CEO of Metallurgical Coal between 2009 and 2013, and CEO of Coal until 2015. Prior to his career at Anglo American, Seamus joined WMC Resources in Australia in 1994 in a strategic planning and business development role, and progressed to various operational management roles, gaining extensive experience in the Gold and Nickel businesses before being appointed executive general manager of the Copper-Uranium division. Seamus joined BHP Billiton as Global Vice President, Business Excellence, following its takeover of WMC in 2005.

Anik Michaud (53)
Group Director – Corporate Relations

Qualifications: LL.L (Law)
Member since: March 2015

Skills and experience
Anik has served as Group Director – Corporate Relations since June 2015. Her remit includes corporate communication (including brand and employee engagement), international and government relations, social performance and engagement, sustainability integration to drive delivery of the Group's Sustainable Mining Plan, and the office of the chief executive. Anik joined Anglo American in 2008 as Group Head of Corporate Communication. Prior to that, she was director of public affairs for Rio Tinto Alcan, following 10 years with the Alcan group.

Themba Mkhwanazi (51)
CEO of Kumba Iron Ore

Qualifications: B Eng (Chemical) Hons
Member since: August 2019

Skills and experience
Themba has served as CEO of Kumba Iron Ore since September 2016. Prior to that, he was CEO for Anglo American's Thermal Coal business in South Africa, having joined the Group in 2014. He has extensive experience in the resources industry, including 18 years in his native South Africa, as well as in the USA and Australia.

Before joining Kumba, Themba was managing director for Huntsman Tioxide in South Africa until 2007 when he was appointed COO of Richards Bay Minerals, a joint venture between Rio Tinto and BHP Billiton. In 2011, he was seconded to Rio Tinto's Australian coal business, before taking up the role of regional general manager for the Americas in 2012.

Richard Price (57)
Group General Counsel and Company Secretary

Qualifications: LL.B, BA (Hons)
Member since: May 2017

Skills and experience
Richard joined Anglo American as Group General Counsel in May 2017 and was appointed as Company Secretary in March 2018. Prior to joining Anglo American, he was a partner at Shearman & Sterling, the international law firm working across EMEA, Asia and North America. In private practice, Richard acted for clients across the metals, mining, energy and financial services sectors, among others, assisting them with complex financing, corporate and compliance matters.

Natascha Viljoen (50)
CEO of Anglo American Platinum

Qualifications: B Eng (Extractive Metallurgy), MBA
Member since: April 2020

Skills and experience
Natascha was appointed CEO of Anglo American Platinum in April 2020. Prior to that, she was Anglo American's Group Head of Processing, having joined the Group in 2014.

Before joining Anglo American, Natascha spent six years at Lonmin, where she served on the executive committee as EVP of Processing, also with responsibility for several wider corporate functions including sustainability. Prior to that, Natascha worked for BHP's coal and chrome businesses in South Africa (including as general manager of BHP's Klipspruit Colliery), the Modikwa joint operation between Anglo American Platinum and African Rainbow Minerals, and AngloGold. Natascha began her career in 1991 at Iscor as a trainee engineer.

Chris Griffith served as a member of the GMC during the year, before stepping down on 16 April 2020.

Duncan Wanblad (54)
Group Director – Strategy and Business Development

Qualifications: BSc (Eng) Mech, GDE (Eng Management)
Member since: October 2009

Skills and experience
Duncan led our Base Metals business as CEO from 2013 to 2019, and took on the Strategy and Business Development portfolio as Group Director in 2016. He is a non-executive director of De Beers and Kumba Iron Ore, and chairs the Anglo American Foundation.

Between 2009 and 2013, Duncan held the position of Group Director – Other Mining and Industrial. He was appointed joint interim CEO of Anglo American Platinum in 2007 (having served on the board since 2004), before taking over as CEO of Anglo American's Copper operations in 2008. Duncan began his career at Johannesburg Consolidated Investment Company Limited in 1990.

Peter Whitcutt (55)
CEO of Marketing

Qualifications: Bcom (Hons), CA (SA), MBA
Member since: October 2009

Skills and experience
Peter has served as CEO of Marketing since January 2016. He is a non-executive director of De Beers.

Peter joined the Group in 1990 within the Corporate Finance division. He worked on the merger of Minorco with Anglo American Corporation of South Africa, the listing of Anglo American plc in 1999 and the subsequent unwinding of the cross-holding with De Beers. Peter was appointed Group Head of Finance in 2003, CFO of Base Metals in August 2008 and from 2013 to 2015, he served as Group Director – Strategy, Business Development and Marketing.

Board roles and responsibilities

The role of the Board

The Board provides leadership to the Group and is collectively responsible for promoting and safeguarding the long term success of the business. The Board is supported by a number of committees, to which it has delegated certain powers. The role of these committees is summarised below, and their membership, responsibilities and activities during the year are detailed on pages 114-123.

Some decisions are sufficiently material that they can only be made by the Board as a whole. The schedule of 'Matters Reserved for the Anglo American plc Board', and the committees' terms of reference, explain which matters are delegated and which are retained for Board approval, and these documents can be found on the Group's website.

Executive structure

The Board delegates executive responsibilities to the chief executive, who is advised and supported by the Group Management Committee (GMC). The GMC comprises the chief executive, business unit CEOs, Group directors of corporate functions and the Group general counsel and company secretary. The names of the GMC members, their roles and biographical details appear on pages 104-105.

Board composition

The Board currently comprises 10 directors: the chairman, chief executive, two further executive directors (our finance director and technical director) and six independent non-executive directors. In December 2020 and February 2021, we announced

The Board

Senior Independent Director (SID)

Byron Grote serves as the Board's SID. He acts as a sounding board for the chairman and as an intermediary between the other directors. The SID leads the annual review of the chairman's performance and is available to shareholders on matters where the usual channels of communication are deemed inappropriate. Byron currently chairs the Anglo American Global Workforce Advisory Panel.

Chairman

Stuart Chambers leads the Board, ensuring it works constructively as a team. His main responsibilities include: chairing the Board and the Nomination Committee and setting their agendas; Board composition and succession planning; providing support and counsel to the chief executive and his team; promoting the highest standards of integrity and governance; facilitating effective communication between directors; effective dialogue with shareholders and other stakeholders; and acting as ambassador for the Group.

Independent Non-executive Directors (NEDs)

The role of the NEDs is to support, constructively challenge, and provide advice to executive management; effectively contribute to the development of the Group's strategy; scrutinise the performance of management in meeting agreed goals; and monitor the delivery of the Group's strategy.

Finance Director

Stephen Pearce leads the finance function and supports the chief executive in formulating and implementing strategy in relation to the financial and operational performance of the Group.

Chief Executive

Mark Cutifani manages the Group. His main responsibilities include: executive leadership; formulation and implementation of the Group's strategy as agreed by the Board; approval and monitoring of business plans; organisational structure and senior appointments; business development; and stakeholder relations.

Technical Director

Tony O'Neill leads the Technical and Sustainability function and supports the chief executive in developing and implementing strategy in relation to mining and technology, business performance, safety, health and environment.

Audit Committee

Oversight of financial reporting, audit, internal control and risk management.

For more information; See pages 116-122

Nomination Committee

Responsible for Board composition, appointment of directors and senior management and succession planning.

For more information; See page 115

Remuneration Committee

Determines the remuneration of executive directors, the chairman and senior management and oversees remuneration policy for all employees.

For more information; See pages 123-147

Sustainability Committee

Oversees management of sustainability issues, including safety, health, environment, and social performance.

For more information; See page 114

Chief Executive

Corporate Committee

Reviews corporate and ethical policies and processes, and financial performance and budgets at business unit level.

Group Management Committee

Principal executive committee. Responsible for formulating strategy, setting targets/budgets and managing the Group's portfolio.

Operational Committee

Responsible for driving operational best practices across the Group and the setting of technical standards.

Investment Committee

Responsible for making recommendations on capital investment proposals.

Marketing Risk Committee

Responsible for evaluating, monitoring, directing and controlling the management of risk associated with the sales and marketing activities of the Group.

Innovation Committee

Responsible for the governance of technology innovation projects.

the appointment of two additional independent non-executive directors who will join the Board in 2021. The roles of our directors are summarised opposite.

The broad range of skills and experience our Board members contribute to the long term sustainable success of the Group are set out on pages 100-103 and illustrated below. The Board is supported by the Group general counsel and company secretary.

There is a clear separation of responsibilities at the head of the Company between the leadership of the Board (the responsibility of the chairman) and the executive responsibility for leadership of the Company's business (the responsibility of the chief executive).

Independence of the non-executive directors

At the date of this report, just under two-thirds of the Board are independent non-executive directors. The Board determines all of the non-executive directors (other than the chairman) to be independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement. The UK Corporate Governance Code (the Code) does not consider a chairman to be independent due to the unique position the role holds in corporate governance. Stuart Chambers met the independence criteria contained in the Code when he was appointed as the Group's chairman in 2017.

In May 2021, Anne Stevens will have served on the Board for nine years. As a result, the assessment of her independence has been subjected to heightened scrutiny. The Board remains satisfied that Mrs Stevens displays independence of thought, mindset and judgement in her role as a non-executive director. Her continuity of service and commitment provide an in-depth knowledge and understanding of the Group that is valuable to the Board, Audit, Nomination and Remuneration committees. The Board strongly believes that Mrs Stevens continues to demonstrate excellent stewardship as chair of the Remuneration Committee and will provide continuity and stability as the Board's composition transitions through its progressive refreshment, as well as steering the Committee through the ongoing challenges stemming from the impact of Covid-19 on remuneration. In considering the directors standing for annual re-election at the Company's AGM, the Board will continue to be rigorous in scrutinising Mrs Stevens' position ahead of our 2022 AGM.

The chairman and the non-executive directors regularly meet without the executive directors present. The senior independent director engages with the non-executive directors, without the chairman present, to appraise the chairman's performance. In 2021, due to travel restrictions as a result of the Covid-19 pandemic, Dr Grote engaged with the non-executive directors using remote technology.

Time commitment and external appointments

The Board, through the Nomination Committee, considers annually the time commitment expected from each of the non-executive directors to meet the expectations of their role.

The Board acknowledges that non-executive directors have business interests other than those of the Company. Prior to their appointment to the Board, non-executive directors are required to declare any directorships, appointments and other business interests to the Company in writing. Non-executive directors are required to seek the approval of the chairman, chief executive and Group general counsel and company secretary, on behalf of the Board, before accepting additional significant commitments that might affect the time they are able to devote to their role. New appointments are then reported to the full Board.

Currently, several of the non-executive directors hold more than two external appointments (although some of these are not-for-profit organisations). The Board has considered these external commitments, taking into account the time commitment required for each role, and is satisfied they do not impact upon the individual Board members' ability to discharge their responsibilities fully and effectively. As evidenced in the table on page 108, in 2020 all directors attended 100% of the Board and committee meetings they were eligible to do so.

Executive directors are required to seek approval from the Board, following consideration by the Nomination Committee, before accepting an external directorship. The Board would not approve executive directors holding more than one non-executive directorship in a FTSE 100 company (or other equivalent publicly quoted company), nor the chairmanship of any such company.

Board experience and diversity

The broad range of skills and experience and the diversity of our Board as at the date of this report are illustrated below.

Targets of the Hampton-Alexander and Parker Reports

The Board is committed to ensuring that it has the right balance of skills, experience and diversity. At the beginning of 2020, 33% of the Board were female and three were directors of colour. During 2020, however, the female board target recommended by the Hampton-Alexander Report was not maintained due to fluctuations in the size and composition of the Board as tenures expired. Following Dr Ramatlapeng's retirement in May 2020, the Board reduced in size and female members represented 27%. At the date of this report, three (30%) of the 10 directors are female and two (20%) are people of colour. Five different nationalities are represented, bringing experience from all of Anglo American's major markets. In March 2021, following the appointment of Elisabeth Brinton, Anglo American will be compliant with the Hampton-Alexander board target, with 36% of the Board being female, increasing to 42% by June 2021 with the appointment of Hilary Maxson.

Professional experience

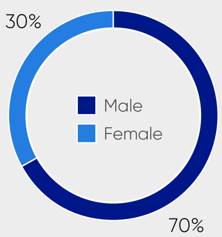
Professional experience	Percentage of Board members
Mining	70%
Engineering	70%
Large project management	100%
Construction in extractive industries	60%
Finance	70%
Marketing (downstream) or commodity trading	80%
Safety, health, environment	100%
Digital technology	30%
External quoted boardroom experience	90%
Previous chief executive	60%

Regional experience[1]

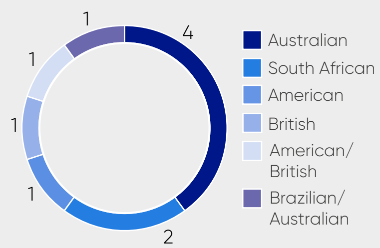
Regional experience	Percentage of Board members
North America	90%
South America	60%
China	60%
Australia	50%
Southern Africa	40%
India	20%

(1) In the regions in which the Group operates or has major markets in.

Gender diversity



Board nationalities



Board operations

Board information and support

All directors have full and timely access to the information required to discharge their responsibilities fully and effectively. They have access to the advice and services of the Group general counsel and company secretary, other members of the Group's management and employees, and external advisers. Directors may take independent professional advice in the furtherance of their duties, at the Company's expense.

Where a director is unable to attend a Board or committee meeting, he or she is provided with all relevant papers and information relating to that meeting and encouraged to discuss issues arising with the respective chairs and other Board and committee members. In 2020, all directors attended 100% of the meetings they were eligible to attend, as evidenced in the table below.

All non-executive directors are provided with access to papers for each of the Board's committees, including those who do not serve as members of those committees. Non-executive directors regularly attend meetings of the Board's committees they do not serve on, at the invitation of the respective committee chair.

Board induction and development

Following appointment and as required, directors receive training appropriate to their level of experience and knowledge. This includes the provision of a comprehensive, tailored induction programme and individual briefings with GMC members and their teams to provide newly appointed directors with information about the Group's business, culture and values, and other relevant information to assist them in effectively performing their duties. In addition to scheduled Board operational site visits, non-executive directors are expected to spend time at the Group's operations to meet management and members of the workforce.

Highlights

– Following their appointments as independent non-executive directors in November 2019 and January 2020 respectively, Hixonia Nyasulu and Nonkululeko Nyembezi undertook tailored and comprehensive onboarding programmes.

– Despite global travel restrictions as a result of Covid-19, Ms Nyembezi's induction has been extensive and almost entirely conducted using videoconferencing. She has attended over 20 meetings with management on a variety of topics related to her Board, Audit Committee and Sustainability Committee appointments.

– In early March 2020, the chairman, chairman of the Sustainability Committee and two further non-executive directors visited the Quellaveco project in Peru and Copper operations in Chile.

– In September 2020, Board members participated in a 'virtual site visit', which provided them with a detailed overview of the Group's newly acquired Crop Nutrients business.

– In September and November 2020, the Board attended in-depth sessions on resource development plans for the Group's key assets.

– In October 2020, Nonkululeko Nyembezi joined an Anglo American Platinum board site visit to Platinum Group Metals' processing operations in South Africa.

– In December 2020, the chairman and senior independent director attended a site visit to the Woodsmith project in the UK.

More information on non-executive directors' site visits to Group operations can be found in the Board activity section on page 110.

Board and committee meetings 2020 – frequency and attendance of members

The table below shows the attendance of directors at meetings of the Board and committees during the year. Attendance is expressed as the number of meetings attended out of the number eligible to attend. As demonstrated below, all directors attended 100% of the meetings they were eligible to do so. Physical Board and committee meetings were held in February 2020; all other meetings were held using virtual technology due to travel restrictions as a result of the Covid-19 pandemic.

	Independent	Board[4]	Board Strategy	Sustainability	Nomination[5]	Audit	Remuneration[6]
Stuart Chambers	n/a	9/9	1/1	4/4	3/3	–	–
Mark Cutifani	No	9/9	1/1	4/4	–	–	–
Stephen Pearce	No	9/9	1/1	–	–	–	–
Tony O'Neill	No	9/9	1/1	4/4	–	–	–
Ian Ashby	Yes	9/9	1/1	4/4	3/3	–	4/4
Marcelo Bastos	Yes	9/9	1/1	4/4	–	–	–
Byron Grote	Yes	9/9	1/1	–	3/3	4/4	4/4
Hixonia Nyasulu	Yes	9/9	1/1	–	3/3	–	–
Nonkululeko Nyembezi[1]	Yes	9/9	1/1	3/3	–	4/4	–
Mphu Ramatlapeng[2]	Yes	4/4	–	1/1	–	–	–
Jim Rutherford[3]	Yes	9/9	1/1	4/4	–	4/4	4/4
Anne Stevens	Yes	9/9	1/1	–	3/3	4/4	4/4

(1) Appointed as a member of the Sustainability Committee on 6 May 2020.
(2) Stepped down from the Board on 5 May 2020.
(3) Stepped down from the Board on 31 December 2020.
(4) The number of Board meetings included six scheduled meetings, and three special-purpose meetings to consider the acquisition of Sirius Minerals Plc and the Group's strategic response to the Covid-19 pandemic.
(5) All the independent non-executive directors attended Nomination Committee meetings held in August and December at the invitation of the chairman, at which the topic of discussion was executive management succession planning. Attendance is not reflected in the table above.
(6) The number of Remuneration Committee meetings included three scheduled meetings, and one special-purpose meeting to consider the impact of the Covid-19 pandemic on executive remuneration.

Board, Committee and individual director effectiveness in 2020

Each year, the Board undertakes a rigorous review of its own effectiveness and performance and that of its committees and individual directors. At least every three years, the review is externally facilitated. The last externally facilitated effectiveness review of the Board was undertaken in 2018, the results of which were reported in the 2018 Integrated Annual Report.

In 2019, the Board conducted an internal evaluation and identified five effectiveness priority areas for 2020, which were reported on in the 2019 Integrated Annual Report. An action plan to address these areas was developed in 2020 and progress measured throughout the year, as illustrated in the table below.

The Board succeeded in implementing the action plan in full in 2020, with the exception that, due to travel restrictions as a result of the Covid-19 pandemic, limited opportunities were available for in-person engagement with future leaders in the Group's talent pipeline and this area will be prioritised during 2021.

Again in 2020, the directors completed online, questionnaire-based internal effectiveness reviews. To allow the Board and its committees to judge progress over the past two years, the review explored similar areas to the 2019 internal evaluation. The 2020 review reaffirmed that the Board believes that it continues to be highly effective, collegiate and well-functioning. Importantly, the review found that the Board continues to be clearer and more aligned on strategy at the end of 2020 than at the beginning of the year and that the greater emphasis on strategic discussions was highly valuable and effective.

The review of the chairman's performance was led by the senior independent director. The chairman was not present during the discussions with both executive and non-executive directors as it related to him. All directors commended the chairman on his continued strong leadership of the Board, noting that he fosters a supportive culture that facilitates the contribution of each director. In addition, the chairman received a report evaluating the individual directors' performance. To complement the internal review process, the chairman held one-to-one meetings with each of the directors.

The Board's effectiveness review in 2021 will be externally facilitated, the results of which will be reported on in the 2021 Integrated Annual Report.

Committee effectiveness

The committee evaluations looked at ways in which they could improve their overall effectiveness, their performance and areas they needed to address in 2021. All committees were believed to be performing well and were appropriately constituted.

Following the 2019 evaluation, the Board identified the effectiveness priority areas below for 2020:

Topic	Areas identified for action	Actions taken in 2020
Strategy	Continue to devote even more of the Board's time to focus on strategic issues throughout the year. Fewer routine matters for discussion at Board meetings.	A dedicated strategic session held at every Board meeting throughout the year, in addition to the annual Board Strategy meeting held over two days. Board agendas were recalibrated, allowing more time for discussion, and fewer presentation slides presented at meetings.
Long term trends and disruptions	Greater focus on climate change issues, our carbon footprint, and the circular economy.	Climate change issues were considered by the Sustainability Committee and at the Board Strategy meeting, including the long term impacts of Covid-19 on the Group's strategy.
Technology and innovation	More time should be dedicated to the Group's approach to technology and innovation.	Greater time allocated to technology and innovation topics during Board meetings. Additional in-depth briefing sessions were scheduled on resource development plans for the Group's key assets, and the technology roadmap underpinning their pathways to value.
People	More frequent discussion on senior management succession, and increase visibility and oversight of the management and development of talent in the organisation. Increase the Board's exposure to future leaders in the Group's talent pipeline.	A dedicated Board succession/talent agenda was created, setting out succession priorities. The Board considered executive succession plans, and the Nomination Committee reviewed succession plans for the GMC. The Board considered talent strategy and explored opportunities for greater engagement with future leaders in the Group's talent pipeline.
Board deliberations	Continue to reduce the length of Board papers and allow more time for discussion rather than presentation.	The conciseness of Board materials continued to be enhanced through rigorous governance processes.

Building on the priority areas identified and the actions taken during 2020, and taking account of the results of the 2020 review, the Board has identified the following effectiveness priorities for 2021:

Topic	Areas identified for action
Strategy	After significant progress made over the last two years on increasing the Board's time focusing on strategic issues, direct the Board's time towards the oversight of execution and making strategic choices rather than further significant strategic re-invention.
Long term trends	The Board should direct its climate change focus to the workstreams which underpin our carbon neutrality targets and devote more time to circular economy trends and the consequences for the Group's strategy.
Technology and innovation	Following the in-depth briefing sessions on resource development plans for the Group's key assets, and the technology roadmap underpinning their pathways to value, direct the Board's focus to the plans for the deployment of these technologies across the Group's global footprint.
People	Maintain the Board's enhanced visibility and oversight in the areas of safety, talent and senior management succession, with a sustained focus on the elimination of fatalities. Re-invigorate the exposure of the Board to future leaders in the Group's talent pipeline, once physical meetings resume.
Director development	Build on the success of the in-depth briefing sessions scheduled in 2020 to further the ongoing development of Board directors.

An action plan is being developed to address these areas in 2021 and will be reported on in the 2021 Integrated Annual Report.

Board activity

The Board is responsible for the overall conduct of the Group's business, its strategic direction and its culture, ensuring these are aligned to our Purpose and Values. The chairman is responsible for setting the agenda. The rolling agenda of matters discussed by the Board is described and explained on the page opposite. The Board is scheduled to meet at least six times a year but meets more often when circumstances warrant this. In addition, the Board dedicates a full meeting to the discussion of the Group's strategy, addressing short, medium and long term issues. Annually, each of the Group's business unit heads presents to the Board in some depth on key aspects of their business. In 2020, the Board met on nine occasions.

In between meetings, the Board receives regular updates from the chief executive on operational and business performance. In 2020, the Board received frequent updates from the chief executive on the Group's response to Covid-19 and the strategies in place to minimise the impact of the pandemic on the Group's people and business.

The agenda of matters discussed by the Board in 2020 is described and explained on the facing page.

Board and non-executive directors' visits to Group operations in 2020

Undertaking regular site visits allows the directors to gain a better understanding of the Group's operations and culture, and affords Board members the opportunity to meet and engage with a diverse cross-section of employees.

During 2020, as a result of Covid-19-related restrictions on movement, limited opportunities were available for physical Board visits to Group operations. We anticipate that in-person Board site visits will resume when travel restrictions are eased, ensuring that the safety and well-being of our Board and employees are always prioritised. The non-executive directors' visits to Group operations that did go ahead during 2020 are described below.

- Prior to Covid-19 travel restrictions being introduced, in early March 2020, the chairman, chairman of the Sustainability Committee and non-executive directors Marcelo Bastos and Anne Stevens spent four days at the Group's operations in Peru and Chile, accompanied by the CEO of Base Metals, Ruben Fernandes. They visited the Quellaveco copper project, the Algarrobal olive plantation social project and the Hogar Belen orphanage in Peru, spending time with the Quellaveco leadership team. They visited the Collahuasi mine, Las Tórtolas plant and El Soldado copper mine in Chile.
- In October 2020, Nonkululeko Nyembezi, who resides in South Africa, joined newly appointed Anglo American Platinum non-executive directors on a visit to Platinum Group Metals' processing operations in South Africa. The directors visited the Waterval Smelter, the Anglo Converter Plant and the Precious Metals Refinery.
- In December 2020, the chairman and senior independent director visited the Group's newly acquired Woodsmith project in the UK.

For the site visits described above, all required safety protocols were observed and adhered to. Where relevant, additional Covid-19 safety protocols and social distancing measures were in place.

Stuart Chambers (second from right), Ian Ashby (left background), Anne Stevens (front middle) with CEO Anglo American Peru, Tom McCulley (middle background) at a visit to the Algarrobal olive plantation social project in Peru in early March 2020.

Virtual site visit: Crop Nutrients business

The Board usually meets at least once a year at one of the Group's operations. As a result of the global pandemic, in 2020 the Board's site visit was organised as a 'virtual site visit' to the Crop Nutrients Woodsmith project. The Group acquired the Woodsmith project, a deep mine and associated transport, processing and shipping infrastructure development under construction in north east England, in March 2020.

The virtual site visit incorporated digital pre-reading materials, a newly filmed site visit video, links to videos, including an online visitor safety induction, and detailed presentations from the Crop Nutrients leadership team using videoconferencing. The site visit video took Board members on a tour of the facilities, allowed directors to meet some of the team, and gave insights into the wider community issues and work of the business.

The comprehensive overview afforded the Board a better understanding of the Crop Nutrients business, the Woodsmith project, its people, local communities, sustainability performance and its high grade polyhalite resource.

"A virtual site visit can never replace meeting our leaders and employees in person at Group operations, but in these unprecedented times, the Board had a great opportunity to discover more about our Crop Nutrients business and its people, and to engage with its leadership team."

Marcelo Bastos

Independent Non-executive Director

In March 2020, Marcelo Bastos stands at the place where the final stockpile dome will be constructed at the Quellaveco copper project.

Topic and link to pillars of value	Activities	Outcomes/decisions
Safety and health Fatal incidents, Total Recordable Case Frequency Rate, health and medical incidents **Further reading** Pages 44-49	Safety is the most critical area of focus for the Board. The causes of fatal incidents and those causing injury were examined in detail by the Sustainability Committee and the findings discussed by the Board. Management performance in reducing such incidents, through the Group's Elimination of Fatalities programme, was monitored. The Board discussed actions and initiatives to enhance the safety and risk management of the Group's tailings and water-retaining dams. The strategies in place to minimise the impact of Covid-19 on the workforce and operations were considered. The Sustainability Committee considered the Group's WeCare strategic health response, designed to protect the health and well-being of the workforce and host communities. The Board continued to monitor the operational and technical innovation initiatives that have the potential to positively impact the Group's safety performance.	Endorsed the Group's Covid-19 response and WeCare support programme. Board and GMC members collectively agreed to donate 30% of their fees or salaries for three months to Covid-19-related charities.
Environment Environmental incidents, energy and climate change, water availability and rehabilitation **Further reading** Pages 30-38	The Board reviewed material environmental incidents and steps taken by management to reduce energy and natural resource consumption. The Board also reviewed the development and use of new technologies that aim to reduce the impact of the Group's operations on the environment. Climate-related activities underway across the Group and energy-efficiency targets were considered during the year by the Board and the Sustainability Committee.	Approved a 10-year charter contract for low emission capesize+ vessels to join our global shipping operations. The Sustainability Committee approved revised Sustainable Mining Plan targets.
Socio-political Social incidents and performance, government, media, investor and stakeholder relations **Further reading** Pages 13-15	The Board receives updates on key geo-political developments in the Group's operating jurisdictions, significant social incidents, and a briefing from the Group head of investor relations, at each meeting. The chief executive and business unit leaders updated the Board on engagement with the governments of the Group's host countries and on local community dialogue. The Board was updated by the executive directors on feedback following the Group's Sustainability Performance update in October 2020: investors, analysts, ratings agencies, NGOs, faith groups and media were all represented. Feedback from external stakeholders such as customers, suppliers, global influencers and governments on their expectations of the Group were discussed.	
People Inclusion and diversity, talent and performance management, employee engagement **Further reading** Pages 43-49	People are a pillar of the Group's strategy and the Board is focused on creating an inclusive and diverse culture. Succession plans for executive management were reviewed, and the Board discussed the Group's talent management and leadership development strategy and diversity. The Board received feedback on discussions and outcomes of two Global Workforce Advisory Panel meetings chaired by the senior independent director. The Board was updated on Group wide plans to address the results of the global employee engagement survey, which was undertaken in 2019, aligned to our Purpose and Values.	Provided input into the topics of discussion for the Global Workforce Advisory Panel.
Operations Operational performance by each business unit and progress of key projects **Further reading** Pages 66-94	The Board received detailed updates on the operational performance, strategy, safety and sustainability performance, people, technological innovation and key risks of its business units. Updates on progress of the Group's Quellaveco, Venetia Underground, and Woodsmith projects were received. The Board held dedicated meetings to consider the impact of the Covid-19 pandemic on its operations. A detailed overview of the Crop Nutrients business was considered by the Board.	Approved Kumba Iron Ore's Kapstevel South project at its Kolomela mine in South Africa, maintaining production levels until 2032 and making a positive contribution to surrounding communities. Approved material supply contracts throughout the year.
Financial Key financial measures, liquidity and balance sheet strength, cost improvements, dividend **Further reading** Pages 50-65	The Board monitored and discussed progress against the annual budget and five-year plan. Liquidity strategy and balance sheet strength were reviewed. Scenario analysis to test the resilience of the balance sheet following the Covid-19 outbreak was discussed. A revised tax strategy and control framework was considered by the Board and Audit Committee. The Board considered the Group's dividend policy (particularly in the context of Covid-19), and completion of the $1 billion share buyback programme, approved by the Board in 2019.	Provided a mandate to enable the issuance of $3.0 billion of bonds in 2020. Approved a revised Group tax strategy. Recommended the 2019 final dividend (approved at the 2020 AGM) and approved the 2020 interim dividend. Approved the 2021 budget.
Economic outlook and commodity price Macro-economic environment and commodity price outlook **Further reading** Pages 60-61	The Board received briefings from internal teams on trends in relevant areas and likely scenarios for global economic growth. The impact of Covid-19 on the supply and demand for commodities was discussed. The Board received regular updates on commodity markets from Marketing leadership.	
Strategy Portfolio outlook, progress on critical tasks and long term strategic pathways **Further reading** Pages 8-48	The Board considered strategic issues at every meeting in 2020, and, in addition, held a two-day dedicated strategy meeting. Perspectives on the likely pathways through the Covid-19 crisis were discussed, and the long term impact of Covid-19 on ESG trends. The Board discussed progress towards the ongoing transformation strategy in relation to Portfolio, Innovation and People within the context of long term strategic levers, including: key competitive trends and disruptors; megatrends; technology, innovation and digital capability; climate change and decarbonisation; the circular economy, and exploration activities. The Board received briefings on the resource development plans for the Group's key assets.	Approved the acquisition of Sirius Minerals Plc (now our Crop Nutrients business). Supported plans to work towards an exit of the Group's South African Thermal Coal operations.
Board governance Reports from committees, legislative and regulatory compliance, succession planning **Further reading** Pages 114-147	Each of the committee chairs reported on their respective meetings. Reports were received on the Group's compliance with relevant legislation and regulation and any actions needed to respond to recent developments. External advisers briefed the Board on regulatory and statutory obligations in respect of the acquisition of Sirius Minerals Plc. The Board received updates on material litigation across the Group. The Audit Committee chairman provided an update on material whistleblowing reports. An internal review of the performance of the Board and that of its committees was undertaken to ensure their continued effectiveness. The Board and Nomination Committee reviewed the Board's composition, diversity and succession plans for non-executive and executive directors.	Agreed Board effectiveness priorities for 2020. Approved the appointment of Natascha Viljoen as a member of the GMC, and Nonkululeko Nyembezi as a member of the Sustainability Committee. Approved Anglo American's Modern Slavery Act statement. Endorsed a revised Code of Conduct. Approved the appointments of Elisabeth Brinton and Hilary Maxson as non-executive directors with effect from March and June 2021, respectively.

Stakeholder engagement

The Board is committed to ensuring collaboration and partnering with a broad range of stakeholders, both directly and indirectly through reports from senior management. Stakeholder considerations form part of discussions at Board meetings and the decisions we make take into account potential impacts on our stakeholders, as described in the Section 172 statement on page 18 of the Strategic Report. How the Board interacts directly with some of its key stakeholders is illustrated below. For further information on reflecting stakeholder views in the Board's decision-making, please see pages 12-13.

Global Workforce Advisory Panel

Anglo American's Global Workforce Advisory Panel (the Panel) was established in 2019, following changes to the UK Corporate Governance Code that recommended company boards establish a way to hear directly from employees. The intention is to give employees more of a 'voice' in the boardroom so their views can be better understood and considered when decisions are being made about the future of the business. The Panel affords greater opportunities for the Board to understand how the Group's culture, Purpose and Values are embedded into the organisation.

Composition of the Panel

The Panel is made up of 12 employee representatives, drawn from each country where the Group has a significant presence, and is chaired by our Board's senior independent director, Byron Grote. Panel members are nominated using agreed criteria set out in its terms of reference and selected to ensure representatives, throughout the organisation, are appropriately balanced across the areas of gender, ethnicity, age and seniority. New Panel members undertake a training and development programme to ensure a clear understanding of their role and to support them in being effective employee representatives. The Panel is supported by the Group's company secretarial and employee engagement teams.

The Panel in 2020

Panel members meet at least twice a year with Byron Grote, who feeds key themes back to the Board. In 2020, the Panel managed to overcome Covid-19 challenges to meet virtually on two occasions, in March and October.

The Panel was due to meet in person, in Johannesburg, in March 2020. The meeting was swiftly reconfigured and the Panel met virtually over two sessions, to accommodate members in different global time zones.

Topics on the agenda included the findings of the Group's 2019 global employee engagement survey, 'Have Your Say', Anglo American's Values refresh and the launch of De Beers' new Purpose and Ambition.

At the second meeting of the year, which took place in October, the topic of conversation was the global Covid-19 pandemic and how Group colleagues were experiencing Anglo American's response to it.

The Panel is scheduled to meet twice in 2021.

« Ntokozo Khanyile

Ntokozo is SHE manager at Kumba Iron Ore's Kolomela mine, and has been a Panel member since its inception.

"Covid-19 did have an impact on how we worked as a Panel – serious or emotional topics aren't so easy to discuss in a virtual call. But virtual is now the new normal and I do feel we were able to represent our colleagues well, despite the challenges.

"A year into our roles as Panel members, I think we are all very clear about our mandate to act as the voice of employees in the boardroom. And we were all able to feed back the same sentiments in relation to the way the Group's leadership team demonstrated our Value of Care and Respect throughout the pandemic. They acted swiftly, were proactive in their decision-making, and turned things round in very short timescales."

« Byron Grote

Byron is the Board's senior independent director and in 2019 was designated by the Board to chair the Panel.

"As a Panel, we adapted well to the virtual meeting format and the sessions gave me great insight into how each agenda topic has been experienced across the business.

"I shared the key messages from our October meeting with my fellow Board members during our most recent meeting. The response from them was positive, with favourable comments received about the richness of the feedback provided.

"I look forward to continuing our Panel engagements in 2021, with the hope of convening in person, once it is safe to do so."

Global employee engagement survey

The Board was updated on the Groupwide action plans that had been developed by management to address the results of the global employee engagement survey, 'Have Your Say', which was undertaken in 2019.

For more information on our People and workforce culture:
See pages 43–49

Investor engagement

The Group always has an active engagement programme with its key financial audiences, including investors and sell-side analysts, as well as potential shareholders. Maintaining an open dialogue with investors was arguably more important than ever through the uncertainty of 2020, particularly during the first half of the year, as financial markets sought to gain a deep understanding of the ways in which the Group was responding to the Covid-19 pandemic.

The Group's investor relations department received a significant increase in the usual volume of engagement requests, particularly during March through June, which the Group was pleased to accommodate as part of its ongoing commitment to transparency. A Covid-19 response page was also set up on the Group's website to keep all stakeholders appraised of the latest developments.

All investor engagements were conducted through virtual platforms from mid-March, allowing the Group to continue with its regular scheduled programme of roadshow meetings and presentations, including at the time of the interim and final results, as well as attendance at investor conferences. Owing to the lack of travel in response to the pandemic, the investor relations department and the management team were able to attend a higher than usual number of conferences, as well as host ad hoc investor meetings, during 2020. Any significant concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board.

The Board receives a briefing at each meeting from the Group head of investor relations and analysts' reports are circulated to the directors. Feedback from meetings held between executive management, or the investor relations department, and institutional shareholders, is also communicated to the Board. In response to the pandemic, this was supplemented by additional frequent updates on the reaction of the financial markets to unfolding events during March-August. To supplement this feedback, the chairman also hosted a series of meetings with some of the Company's largest shareholders to listen to investor feedback first hand.

Annual General Meeting

Due to the lockdown measures imposed by the UK government in response to the Covid-19 pandemic, the Company was unable to host the AGM in its usual format in 2020. The Board values the AGM as an opportunity for its retail shareholders to raise questions and comments to the Board and instead shareholders were invited to submit their questions in advance of the meeting. All questions and the Company's responses were promptly published on the Group's website. The lack of time constraint allowed for a much greater number of questions to be addressed than is usually possible.

Voting levels at the 2020 AGM were approximately 70%, with generally less than 1% being votes withheld. All resolutions submitted to the meeting in 2020 were passed with at least 90% of votes in favour, apart from the authority to disapply pre-emption rights (79.87%). The votes cast against the resolution to disapply pre-emption rights were received predominantly from our South African investors. The Company has consulted with its South African shareholders, recognising that the authority sought is accepted market practice in South Africa, and the Company will be seeking an authority at the 2021 AGM to disapply pre-emption rights up to 2.5% of the issued share capital.

Investor engagement in 2020

January
- Closed period
- Investor presentation: Offer for Sirius Minerals Plc
- Q4 2019 Production Report
- Investor Mining & Tailings Safety Summit

February
- 2019 preliminary results
- Conferences: BMO Global Metals & Mining (Florida)
- Investor roadshows: London and North America

March
- Investor roadshows: London, Edinburgh and South Africa
- Conferences: Citi Global Natural Resources (London) and Exane Basic Materials (London)

April
- Climate Action 100+ investor meeting
- Q1 2020 Production Report

May
- Investor roadshows: London and Edinburgh
- Conferences: Bank of America Metals and Mining

June
- Conferences: J.P. Morgan European Materials, Exane European CEO

July
- Closed period
- Q2 2020 Production Report
- 2020 interim results
- Investor roadshows: London

August
- Investor roadshows: London, Edinburgh, North America, South Africa and Europe

September
- Investor roadshows: London, Edinburgh, North America, South Africa and Europe
- Conferences: Credit Suisse Steel and Mining, Bernstein Pan European Strategic Decisions
- Morgan Stanley Sales Desk Briefing

October
- Conferences: Citi Global Resources
- Q3 2020 Production Report
- 2020 Sustainability Performance and ESG update

November
- Investor roadshows: North America
- Chairman investor meetings
- Climate Action 100+ investor meeting: Net Zero Framework and other matters
- Conferences: UBS European, Goldman Sachs London Natural Resources, RBC Global Mining and Materials, Goldman Sachs Global Metals and Mining

December
- Conferences: Société Générale
- 2020 investor update
- Chairman investor meetings
- Climate Action 100+ investor meeting: Net Zero Framework and other matters
- Morgan Stanley Sales Desk Briefing

Sustainability Committee report

"Sustainability is integral to Anglo American's strategy. The Committee is instrumental in overseeing how the Group manages its most material sustainability issues."

Committee members

Ian Ashby – Chairman
Marcelo Bastos
Stuart Chambers
Mark Cutifani
Nonkululeko Nyembezi (appointed 6 May 2020)
Tony O'Neill
Mphu Ramatlapeng (resigned 5 May 2020)
Jim Rutherford (resigned 31 December 2020)

For further detail on biographies and Board experience:
See pages 100-103

Business unit heads, Group directors of corporate relations, people and organisation, the Group general counsel and company secretary, and the Group heads of safety and sustainability also participate in meetings of the Committee.

Role and responsibilities

The Committee oversees, on behalf of the Board, material management policies, processes, and strategies designed to manage safety, health, environment and socio-political risks, to achieve compliance with sustainable development responsibilities and commitments and strive to be a global leader in sustainable mining.

The Committee is responsible for reviewing the causes of any fatal or significant sustainability incidents and ensuring learnings are shared across the Group.

The Committee's terms of reference are available to view online.

For more information, visit:
www.angloamerican.com/about-us/governance

Committee discussions in 2020

The Committee met four times in 2020. Three of the four meetings were held using videoconferencing, due to travel restrictions as a result of the Covid-19 pandemic. At each meeting, the Committee reviews detailed reports covering the Group's performance across a range of sustainability areas, including: safety; health and wellness; socio-political trends; human rights; climate change; and environmental and social performance.

Significant social, safety, health and environmental incidents are reviewed at each meeting, as are the results from operational risk reviews and operational risk assurance.

The Committee seeks to address the fundamental root causes of all fatal incidents occurring across Anglo American.

In 2020, two members of the workforce lost their lives at the Group's managed operations. Preliminary observations from each of these fatal incidents were reported to the next Committee meeting following their occurrence, noting the factors surrounding the incidents, mitigation steps being taken and the process for formal investigation. Following completion of independent investigations, findings are presented to the Committee.

In addition to the Committee's standing agenda items, the following matters were discussed during 2020:

- Progress of the Group's Elimination of Fatalities programme, designed to achieve a zero fatality business
- Delivery of the Group's Sustainable Mining Plan and approval of revised 2020 commitments, in response to the Covid-19 pandemic
- Emergency response and preparedness
- The Group's crisis management preparedness framework
- The Group's pandemic plan
- Anglo American's global lives and livelihoods support programme (WeCare), and the status of the wellness, living with dignity and community responses
- Impact of Covid-19 on inequality
- Sustainability performance at the Quellaveco project
- 2019 Social Way assessment results and launch of the Social Way 3.0
- Shaft integrity risk management
- Tailings dam storage
- Safety, Health and Environment Policy review
- Climate change
- Cultural heritage and community risk management
- Operational risk management maturity
- Coal workers' pneumoconiosis and coal dust exposure across the Group
- Socio-economic development and Collaborative Regional Development
- Sustainability rating trends and developments
- Permitting strategy
- Mine closure liabilities
- Mineral residue facility liabilities
- Rehabilitation strategy
- The Committee's internal effectiveness review
- Review of the Committee's terms of reference.

In early March 2020, the chairman, Committee chairman and non-executive members of the Committee visited the Group's Quellaveco project in Peru and Copper operations in Chile.

For more information on non-executive directors' visits to Group operations:
See page 110

Nomination Committee report

"The Committee plays a vital role in ensuring we have an appropriate mix of skills, experience, diversity and perspectives around the boardroom table in order that we continue to adhere to the high standards of corporate governance that our stakeholders rightly expect."

Committee members

Stuart Chambers – Chairman	Anne Stevens
Ian Ashby	Marcelo Bastos (appointed 23 February 2021)
Byron Grote	
Hixonia Nyasulu	

For further detail on biographies and Board experience:
See pages 100-103

The chief executive, the Group director of people and organisation, and the Group general counsel and company secretary also attend meetings of the Committee.

Role and responsibilities

The role of the Nomination Committee is to assist the Board in regularly reviewing its composition and those of its committees, to lead the process for Board appointments, and ensure effective succession planning for the Board and senior management.

The Committee's terms of reference are available to view online.

For more information, visit:
www.angloamerican.com/about-us/governance

Committee discussions and focus areas in 2020

The Committee met three times in 2020. Two of the three meetings were held using videoconferencing, due to travel restrictions as a result of the Covid-19 pandemic. Discussions at the meetings covered the responsibilities outlined above, with particular focus on non-executive and executive succession planning.

The following matters were considered during 2020:

- The composition, structure and size of the Board and its committees, and the leadership needs of the organisation
- Updating the Board's skills, experience and diversity matrix
- Succession planning for the chairs of the Audit and Remuneration committees
- Approving the appointment of Spencer Stuart as external search consultant to facilitate non-executive appointments
- Formalising the search processes for non-executive appointments and making recommendations to the Board on the appointments of Elisabeth Brinton and Hilary Maxson
- The time commitment expected from each of the non-executive directors to meet the expectations of their role
- Recommending that the Board support the election or re-election of each of the directors standing at the AGM in 2020. The length of tenure of the non-executive directors was taken into account when considering supporting their re-election
- Succession planning for the Group chief executive, finance director and technical director
- Group Management Committee and senior leadership succession
- Committee membership changes for recommending to the Board, following the appointments of new non-executive directors
- The Committee's internal effectiveness review.

Process used in relation to Board appointments

As part of the Board's ongoing refreshment programme, during 2020, the Nomination Committee led search processes to recruit two new non-executive directors, to ensure that the capabilities and attributes lost as a result of retirements during the year were replaced, to reflect the Board's updated skills, experience and diversity matrix, and to ensure continued gender and ethnic diversity.

Spencer Stuart was retained by the Committee to assist with the search process in each case. Spencer Stuart has previously worked for the Group in recruiting for non-executive and senior appointments and accordingly has a good understanding of the Board's requirements, given the markets in which the most suitable candidates were likely to be found. They are also accredited under the UK Government's Enhanced Code of Conduct for Executive Search Firms.

Prior to each search commencing, the Nomination Committee agreed the skills and experience they considered necessary for the role and provided this to Spencer Stuart. Longlists of potential candidates were then identified by Spencer Stuart and discussed with the Committee members to agree shortlists to be interviewed. In each case, the initial list of potential prospects included ethnically and gender-diverse candidates. Shortlisted candidates were interviewed by members of the Committee and, where practical, other directors.

The results of the internally conducted Board and committee effectiveness reviews in 2020 are on page 109.

Information on the Group's policy on diversity and inclusion, and details of the gender balance of Anglo American's senior management and their direct reports (defined as our Group Management Committee and those reporting to the committee), can be found in the People section on page 48.

Audit Committee report

"The Committee is focused on ensuring the integrity of the Company's financial statements and the robustness of the Group's systems of internal control and financial and regulatory risk management systems."

Committee members

Byron Grote* – Chairman
Nonkululeko Nyembezi
Jim Rutherford
(resigned 31 December 2020)
Anne Stevens

* The chairman of the Committee is deemed to have recent and relevant financial experience in accordance with the UK Corporate Governance Code.

The Committee as a whole has competence relevant to the sector

For further detail on biographies and Board experience:
See pages 100-103

The chairman, the chief executive, the finance director, the Group financial controller, Group head of finance and reporting, Group financial reporting manager, the Group head of risk management and business assurance and the Group general counsel and company secretary also participate in meetings of the Committee.

Role and responsibilities

- Monitoring the integrity of the annual and interim financial statements
- Making recommendations to the Board concerning the adoption of the annual and interim financial statements
- Overseeing the Group's relations with the external auditor
- Reviewing the independence, effectiveness and objectivity of the external auditor
- Reviewing and monitoring the effectiveness of the Group's risk management and internal control mechanisms
- Approving the terms of reference of the internal audit function and assessing its effectiveness
- Approving the internal audit plan and reviewing regular reports from the Group head of risk management and business assurance on effectiveness of the internal control system
- Receiving reports from management on the principal risks of the Group. Details of the principal risks are contained on pages 54-57
- Overseeing completion of the viability statement
- Reviewing the effectiveness of the Group's Code of Conduct and the arrangements to counter the risk of bribery and corruption.

The Committee's terms of reference are available to view online.

For more information, visit:
www.angloamerican.com/about-us/governance

Fair, balanced and understandable

A key requirement of our financial statements is for the report to be fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's and parent Company's position and performance, business model and strategy. The Audit Committee and the Board are satisfied that the 2020 Integrated Annual Report meets this requirement, as appropriate weight has been given to both positive and negative developments in the year.

In justifying this statement, the Audit Committee has considered the robust processes which operate in creating the 2020 Integrated Annual Report, including:

- Review and approval of management's assessment of the risk of misstatement in financial reporting
- Clear guidance and instruction provided to all contributors
- Revisions to regulatory reporting requirements are provided to contributors and monitored on an ongoing basis
- Early-warning meetings focused on accounting matters are conducted between business unit management, Group functions, the Group finance team and the external auditor in advance of the year end reporting process
- A thorough process of review, evaluation and verification of the inputs from business units is undertaken to ensure the accuracy and consistency of information presented in the 2020 Integrated Annual Report
- External advisers provide advice to management and the Audit Committee on best practice with regards to the creation of the 2020 Integrated Annual Report
- A meeting of the Audit Committee was held in February 2021 to review and approve the draft 2020 Integrated Annual Report, in advance of the final approval by the Board. This review included the significant accounting matters explained in the notes to the consolidated financial statements
- The Audit Committee considered the conclusions of the external auditor over the key audit matters that contributed to their audit opinion, specifically impairments, deferred tax asset recognition in Brazil, environmental restoration and decommissioning obligations, one-off transactions and the impact of Covid-19.

Committee discussions in 2020

The Committee met four times in 2020. Three of the four meetings were held using videoconferencing, due to travel restrictions as a result of the Covid-19 pandemic. Throughout the course of 2020, and consistent with prior years, the Audit Committee paid particular attention, in the context of the Covid-19 pandemic, to the valuation of assets, tax matters and the Group's liquidity position. In addition, there were in-depth discussions on ad hoc topics as requested by the Audit Committee; for example, covering the wider impact of Covid-19, Quellaveco, mine closure liabilities and sustainability KPI assurance. The Committee reviewed the system of internal control and risk management.

An internal effectiveness review of the Committee was undertaken.

The key topics discussed by the Committee are set out on the following pages.

Significant accounting issues considered by the Audit Committee in relation to the Group's financial statements	Response of the Audit Committee
► **Covid-19** Reviewing and monitoring the impact of Covid-19.	The Committee reviewed the impact of Covid-19 on each of its significant accounting judgements and estimates, concluding that the Group's principal source of estimation uncertainty relates to assumptions used for the assessment of impairment and impairment reversal of assets where indicators of impairment or impairment reversal are identified. In addition to the impact on accounting judgements, the Committee considered the impact of Covid-19 on financial reporting processes and the control environment and were satisfied this had been appropriately addressed.
► **Impairment and impairment reversals of assets** The value of mining operations is sensitive to a range of characteristics unique to each asset. Management is required to apply judgement in the estimation of Ore Reserves, and price and production forecasts which drive cash flow projections.	The Committee exercises oversight over the impairment review process. The Committee assessed the identification of impairment and impairment reversal indicators, the impact of Covid-19 and climate change on commodity price and exchange rate assumptions, the review of changes in the valuation of cash generating units (CGU) and associated sensitivity analysis, and the appropriateness of disclosures made within the 2020 Integrated Annual Report on key sources of estimation uncertainty. During 2020, the most significant assets considered were the following: **Barro Alto** Barro Alto (Nickel) was previously impaired by $0.8 billion in 2013. While operational performance at the mine has been stable, with limited disruption to production as a result of Covid-19, a review of nickel prices and exchange rate assumptions was undertaken by management due to lower forecast medium and long term nickel prices. The Committee considered the outcome of this review, taking into account the medium and long term outlook for nickel prices, exchange rate assumptions and valuation scenarios presented by management. It was concluded that an impairment of $0.6 billion should be recognised at the December 2020 year end. **De Beers** The annual impairment assessment for goodwill relating to De Beers showed that the valuation headroom had increased from $1.0 billion to $1.2 billion. While sufficient headroom remains, the valuation continues to be sensitive to changes in foreign exchange rates and consumer demand, impacting prices. The Committee concluded that no impairment at 31 December 2020 should be recorded and carefully considered and approved the proposed disclosure. **Moranbah-Grosvenor CGU** An impairment assessment of the Moranbah-Grosvenor (Metallurgical Coal) CGU was undertaken. While sufficient headroom remains in the base valuation and supports the carrying amount of $2.7 billion, the valuation continues to be sensitive to macro-economic factors, including metallurgical coal prices and foreign exchange rates. The Committee concluded that no impairment at 31 December 2020 should be recorded and carefully considered and approved the proposed disclosure. **Other** In addition to the assets noted above, the Committee was updated on the valuation drivers of assets that had previously been impaired and therefore are considered to have an inherent risk of either further impairment or impairment reversal. The Committee considered an updated valuation model for Cerrejón and was comfortable no impairment or impairment reversal should be recognised. The Committee was also updated on the valuations of each of the South African Thermal Coal mines. The Committee concluded that a combined impairment charge of $0.1 billion should be recognised against Goedehoop, Khwezela, Butsanani and Isibonelo. Additionally, after careful consideration of the valuation drivers of Minas-Rio and other previously impaired assets, no impairments or impairment reversals were recorded for those assets.

Significant accounting issues considered by the Audit Committee in relation to the Group's financial statements continued	Response of the Audit Committee continued
▶ **Taxation** The Group's tax affairs are governed by complex domestic tax legislations, international tax treaties between countries and the interpretation of both by tax authorities and courts. Given the many uncertainties that could arise from these factors, judgement is often required in determining the tax that is due. Advice is received from independent experts where required.	The Group head of tax provided the Committee with updates throughout the year on various tax matters, including the impact of Covid-19 on the global tax environment, the status of tax audits, tax reporting, and the status of uncertain tax provisions. In addition, the Committee discussed the recoverability of the Group's deferred tax assets, including its assets in Brazil, the value of which may be impacted by foreign exchange volatility, commodity prices and forecast profits. While all these matters are inherently judgemental, no significant issues arose during 2020. The Committee also reviewed the tax strategy and tax control framework. The Committee recommended the approval of the tax strategy by the Board and endorsed the tax control framework.
▶ **Provision for restoration, rehabilitation and environmental costs** The estimation of environmental restoration and decommissioning liabilities is inherently uncertain, given the long time periods over which these expenditures will be incurred, and the potential for changes in regulatory frameworks and industry practices over time.	The Committee reviewed the update provided by management on estimates of environmental and decommissioning liabilities, which are based on the work of external consultants and internal experts. The Committee considered the changes in assumptions, including discount rates, and other drivers of movements in the amounts provided on the balance sheet and concluded that the provisions recorded as at 31 December 2020 appropriately reflected these updates.
▶ **Special items, remeasurements and one-off transactions** The Group's criteria for recognising a special item or remeasurement involves the application of judgement in determining whether an item, owing to its size or nature, should be separately disclosed in the income statement.	The Committee reviewed each of the items classified as special items or remeasurements in the financial statements, and the related disclosures, to ensure that the separate disclosure of these items was appropriate. The Committee also reviewed the purchase price allocation in respect of the Sirius Minerals Plc acquisition.
▶ **Inventory** Inventory valuation is an area of focus for the Group due to the level of judgement and complexity involved in assessing the carrying value of inventory held on the balance sheet. Areas of judgement include valuation of ore stockpiles and diamond stones.	The Committee reviewed the key areas of judgement in light of the year end inventory balances, and considered the associated key controls in place. The change in Group policy to recategorise inventory that will be processed within a period greater than 12 months to non-current inventory was reviewed and considered appropriate.
▶ **Legal matters** A provision is recognised where, based on the Group's legal views and, in some cases, independent advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. This requires the exercise of judgement. The Committee was updated by the Group's general counsel and company secretary on the status of legal matters over the course of the year.	In 2014, the Metallurgical Coal business was granted an arbitration award of $107 million against MMTC Limited in respect of a contractual dispute. The award has since been challenged in the Indian courts, during which time interest has continued to accrue. On 17 December 2020, the Indian Supreme Court found in favour of the Metallurgical Coal business. Following the hearing of a Review Petition, the Indian Supreme Court has determined that it will consider the question of interest payable on the award. The precise value and timing of receipt of such finding remains uncertain and hence no receivable has been recognised on the consolidated balance sheet as at 31 December 2020. On 21 October 2020, an application was initiated against Anglo American South Africa (AASA). The application seeks the certification of class action litigation to be brought on behalf of community members residing in the Kabwe area in Zambia in relation to alleged lead poisoning. AASA intends to vigorously defend the claim. This litigation is subject to significant uncertainty, and it is not currently possible to make a reasonable estimate of the outcome, quantum or timing of any potential future determination, and therefore no provision has been recognised. Various other legal matters were reviewed and the Committee considered management's assessment that there were no material provisions required with respect to ongoing legal matters and that there were no individually material contingent liabilities that required disclosure. The Committee endorsed management's proposal.

Retirement benefits The estimation of retirement benefits requires judgement over the estimation of scheme assets and liabilities. Areas of judgement include assumptions for discount and inflation rates, returns on assets and life expectancy. Changes in the assumptions used would affect the amounts recognised in the financial statements.	The Committee reviewed the assumptions behind the calculations of the asset and liability positions of the Group's pension and medical plans and concluded that the amounts recorded as at 31 December 2020 appropriately reflected these updates. In addition, the Committee reviewed the funding levels of the plans, any additional funding being provided to the plans and the overall expense recognised for the year. The Committee assessed the appropriateness of the Group's overall risk management approach to retirement benefits.
New accounting standards and best practice guidance The impact of new accounting standards, and any elections made in their application, involves judgement to ensure their adoption is managed appropriately.	The Committee reviewed management's impact assessment of new standards and amendments which came into effect on 1 January 2020, but were not considered to have a material impact on the Group. The Committee also reviewed the steps taken by management to ensure that the Group is able to comply with the JSE controls reporting requirements that came into effect for reporting periods ending on 31 December 2020. The Committee considered the Group's approach to sustainability KPI assurance in order to facilitate best practice climate change disclosures. The Committee also received updates on government consultations regarding UK Corporate Reform which are anticipated to bring wide-ranging changes to the corporate regulatory landscape.
Going concern basis of accounting in preparing the financial statements The ability of the Group to continue as a going concern depends upon continued access to sufficient financing facilities. Judgement is required in the estimation of future cash flows and compliance with debt covenants in future years.	The Committee assessed the forecast levels of net debt, headroom on existing borrowing facilities and compliance with debt covenants. This analysis covered the period to 31 March 2022 and considered a range of downside sensitivities, including a reduction in commodity prices and demand as a result of the Covid-19 pandemic. The Committee concluded it was appropriate to adopt the going concern basis.

Liquidity management	Response of the Audit Committee
Liquidity and debt Reviewing the application of the debt strategy, funding and capital structure and the Group's forecast cash position. Judgement is required in the estimation of future cash flows and their impact on financing plans and contingencies.	The Committee received regular updates on the profile of the Group's debt maturities and liquidity headroom in the context of the Covid-19 pandemic, continued capital expenditure requirements, free cash flow generation and dividend payments. The Committee endorsed management's debt capital markets and banking plans for 2021, in the context of strategy-defined targets, to ensure the continued sufficiency of financing facilities.
Payment of the dividend Reviewing management's recommendation to the Board regarding the level of dividend to be paid for 2020, based on the payout-ratio-driven dividend policy.	During 2020, the Committee reviewed the proposals for payments of dividends, in accordance with the payout-ratio-driven dividend policy based on 40% of underlying earnings. Taking into account the Group's liquidity position, the Committee endorsed the proposal by management, and recommended to the Board for approval, the payments of the 2019 final dividend and the 2020 interim dividend.
Viability statement The viability statement, and the underlying process to analyse various scenarios that support the development of the viability statement, are found on pages 52-53.	The Committee reviewed the time period over which the assessment is made, along with the scenarios that are analysed, the potential financial consequences and assumptions made in the preparation of the statement. The Committee concluded that the scenarios analysed were sufficiently severe but plausible (taking into account a prolonged impact of Covid-19) and the time period of the viability statement was appropriate, given the alignment with the budgeting and strategy process.

Risk assurance	Response of the Audit Committee
▶ **Risk management** The Group's risk profile and the process by which risks are identified and assessed.	The Committee assessed the Group's risk profile, in particular the principal risks (see pages 54-57). The Committee discussed the key risks, the mitigation plans in place and the appropriate executive management responsibilities. The Committee also considered the process by which the risk profile is generated, the changes in risk definitions and how the risks aligned with the Group's risk appetite. Following discussion and challenge, the risk profile was approved.
▶ **Various risk matters** The Committee oversees the implementation of work to mitigate a variety of key risks.	During the course of 2020, the Committee reviewed work to mitigate data protection risk, risks associated with the Quellaveco project, marketing and trading risks and managing mine closure and concurrent rehabilitation liabilities. The Committee evaluated the work being performed, progress made and provided challenge to satisfy itself that these risks were being adequately managed.
▶ **Ethical business conduct** The Committee monitors the effectiveness of, and compliance with, the Group's Code of Conduct. The Committee also reviews the Group's whistleblowing arrangements and procedures.	The Committee reviewed the ongoing work to enhance ethical business conduct across the Group, endorsing a refreshment of the Group's Code of Conduct. The Committee received reports on anti-corruption initiatives, including the development of a Group Compliance Management System and improved intermediary risk management processes. The Committee assessed the design and implementation plan for a new integrated investigations framework to support the Group's whistleblowing facility, YourVoice.
▶ **Mineral Resources and Ore Reserves statements** The year-on-year changes to Mineral Resources and Ore Reserves for operations and projects across the Group.	The Committee reviewed the significant year-on-year changes, satisfying itself that appropriate explanations existed. The Committee also reviewed the ongoing improvements in the process to estimate and report Mineral Resources and Ore Reserves.
▶ **Internal audit work** Reviewing the results of internal audit work and the 2020 plan.	The Committee received reports on the results of internal audit work. The Committee assessed the impact of the Covid-19 pandemic on the ability to carry out audits, satisfying itself that sufficient coverage of the 2020 plan was achieved. The Committee discussed areas where control improvement opportunities were identified and reviewed the progress in completion of agreed management actions. The Committee reviewed the proposed 2021 internal audit plan, assessing whether the plan addressed the key areas of risk for the business units and Group. The Committee approved the plan, having discussed the scope of work and its relationship to the Group's risks.
▶ **External audit** Reviewing the results of the external audit work, evaluating the quality of the external audit and consideration of management letter recommendations.	The Committee reviewed the preliminary planning report from PwC in May 2020 and approved the final audit plan and fee, having given due consideration to the audit approach, materiality level and audit risks. The Committee received updates during the year on the audit process for PwC's first year as auditor, including how the auditor had challenged the Group's assumptions on the issues noted in this report. In February 2021, the Committee reviewed the output of the external audit work that contributed to the auditor's opinion.

Auditor tenure

At the 2020 AGM, shareholders approved the appointment of PricewaterhouseCoopers LLP (PwC) as the Company's new Statutory Auditor. The proposed change in auditor was communicated to shareholders in May 2019. This extended lead time provided a smooth handover process from Deloitte LLP (Deloitte), the previous Statutory Auditor, and allowed PwC to shadow Deloitte through areas of the 2019 statutory audit process, giving them a good understanding of the business.

PwC have undertaken a thorough induction process to enhance their understanding of the business. This has included meetings with management and executives across the business and a number of site visits across the jurisdictions in which the Group operates; including Brazil, South Africa and Singapore.

In addition, PwC have participated in workshops on material judgemental areas prior to their first half year review. The Company and PwC adopted a collaborative approach throughout the year, encouraging ongoing, open communication on current matters as and when they arose.

Anglo American confirms compliance during the year with the provisions of the Competition and Markets Authority Order on mandatory tendering and audit committee responsibilities.

Ensuring the independence and effectiveness of the external auditor

Anglo American's Group policy on External Auditor Independence was updated for the 2020 financial year and approved by the Committee. The updated policy incorporates the requirements of the FRC's revised Ethical Standard published in 2019.

A key factor that may impair an auditor's independence is a lack of control over non-audit services provided by the external auditor. The external auditor's independence is deemed to be impaired if the auditor provides a service that:

- Results in the auditor acting as a manager or employee of the Group
- Puts the auditor in the role of advocate for the Group
- Creates a mutuality of interest between the auditor and the Group.

Anglo American addresses this issue through the following measures:

- The prohibition of selected services – this includes the undertaking of internal audit services. The permitted non-audit services mirrors the 'Whitelist' included in the FRC's revised Ethical Standard
- Prior approval by the Audit Committee of non-audit services where the cost of the proposed service exceeds or is expected to exceed $100,000
- Disclosure of the extent and nature of non-audit services.

Anglo American's approach to the provision of non-audit services is contained within its policy on External Auditor Independence.

Non-audit work is only undertaken where there is commercial sense in using the auditor without jeopardising auditor independence; for example, where the service is related to the assurance provided by the auditor or benefits from the knowledge the auditor has of the business.

Non-audit fees represented 28% of the 2020 audit fee of $10.8 million. A more detailed analysis is provided on page 223.

Other safeguards

- The external auditor is required to adhere to a rotation policy based on best practice and professional standards in the UK. The standard period for rotation of the audit engagement partner and any key audit partners is five years. The audit engagement partner, Mark King, was appointed in 2020 and will rotate off at the end of the 2024 audit in accordance with this requirement.
- Any PwC partner designated as a key audit partner of Anglo American will rotate off the audit at the end of 2024 and shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit.
- The external auditor is required to assess periodically whether, in their professional judgement, they are independent of the Group.
- The Audit Committee ensures that the scope of the auditor's work is sufficient and that the auditor is fairly remunerated. The Committee reviewed and discussed the fee proposal during the tender process and received assurance that the proposed fees were appropriate for the scope of work required. Subsequent to the audit tender process, a limited number of recurring and non-recurring scope changes were agreed. The Committee agreed an audit fee of $10.8 million (2019: $9.9 million) for statutory audit services in the year.
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor.
- The Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary to resolve issues on the auditor's independence.
- An annual assessment is undertaken of the auditor's effectiveness through a structured questionnaire and input from all business units and Group functions covering all aspects of the audit process. The Audit Committee members also participate in this assessment, which evaluates audit planning, execution, communications and reporting. The assessment identifies strengths and areas for improvement, which are discussed with the auditor and action plans agreed. The assessment of Deloitte was conducted in 2020 for the 2019 audit. While the 2019 audit was Deloitte's final year as auditor, the assessment was considered to be helpful for future focus areas for the PwC Audit. The results of the assessment showed that the audit continued to be assessed as effective.
- The Committee reviewed the assessment of audit quality. The Deloitte audit for the 2019 financial year was subjected to detailed challenge, including lead engagement partner review and independent partner review of all aspects of the audit engagement, accounting matters and audit opinion. In respect of the performance of PwC, the Committee reviewed the key findings of the FRC's 2019 Audit Quality Inspection Report on PwC together with the steps being undertaken to address the findings. The Committee also reviewed the measures taken by PwC to support audit quality, including their significant focus on robust challenge and appropriate scepticism in respect of management's assumptions. As this was PwC's first year as auditor, an in-depth review of their performance will be conducted ahead of their review of the 2021 interim results.

Conclusions of the Audit Committee for 2020

The Audit Committee has satisfied itself that the external auditor's independence was not impaired.

The Audit Committee held meetings with the external auditor, without the presence of management, on two occasions, and the chairman of the Audit Committee held regular meetings with the lead audit engagement partner during the year.

Consideration given to the appointment of the external auditor

The Audit Committee's assessment of the external auditor's performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of PwC as auditor until the conclusion of the AGM in 2022. Resolutions to authorise the Board to re-appoint and determine the remuneration of PwC will be proposed at the AGM on 5 May 2021.

Risk management

Risk management is the responsibility of the Board and is integral to the achievement of the Group's objectives. The Board establishes the system of risk management, setting risk appetite and maintaining the system of internal control to manage risk within the Group. The robust process of identifying and evaluating the principal and emerging risks was in place during 2020 and up to the date of this report. The Group's system of risk management and internal control is monitored by the Audit Committee under delegation from the Board.

The system of risk management is designed to ensure awareness of risks that threaten the achievement of objectives. The controls that mitigate those risks are identified so that assurance can be provided on the effectiveness of those controls and a determination can be made as to whether the risk is operating within the Group's risk appetite. We seek to embed a culture of risk awareness into the development of our strategic and operational objectives.

The process for identification and assessment of the principal risks combines a top-down and bottom-up approach. At the operations level, a process to identify all risks that prevent the achievement of objectives is undertaken. Detailed analysis of the material risks at each location is performed to ensure management understanding of the risk and controls that reduce likelihood of occurrence and impact should the risk materialise. These operational-risk profiles contribute to the assessment of risks at the business unit level. Executive management at each business unit assesses risks that threaten achievement of the business unit objectives and the status of controls, or actions, that mitigate those risks. At the Group level, risks are identified through assessment of global factors affecting the industry and the Group specifically, as well as the risks arising from the business unit assessments. Materiality of risk is determined through assessment of the various impacts that may arise and likelihood of occurrence. An exception relates to those risks deemed catastrophic in nature, where the focus of assessment is on impact and status of internal controls, given the very low likelihood of occurrence. When considering the impact of any risk, we assess safety, environmental, financial, legal or regulatory, social and reputational consequences.

Regular reports on the status of risks and controls are presented to executive management teams throughout the year. The Audit Committee reviews reports on the overall Anglo American risk profile on two occasions during the year and conducts in-depth reviews of specific risks during its meetings over the course of the year. Each principal risk is assigned to either the Board or the relevant Board committees to oversee executive management actions in response to that risk. The Audit Committee reviews that oversight process on an annual basis.

Details of the principal risks are provided on pages 54-57.

Risk appetite

We define risk appetite as 'the nature and extent of risk that Anglo American is willing to accept in relation to the pursuit of its objectives'. Each principal risk is assessed as to whether it is operating within the limit of appetite for the Group, based on review of the external factors influencing that risk, the status of management actions to mitigate or control the risk and the potential impact should the risk materialise. For risks operating beyond the limit of appetite, a change in strategy may be required. For risks operating within, but approaching the limit of appetite, specific management actions may be required to ensure the risk remains within the limit of appetite.

Risk management and the system of internal control

Controls either reduce the likelihood or impact of any risk, while the identification of material controls – i.e. those controls that have the most influence in mitigating a risk – is an important input for audit planning.

The system of internal control operates on a collaborative 'three lines' approach, with operating management owning and managing risks and controls on a day-to-day basis, and business unit or functional management fulfilling a second line role through frequent oversight of implementation of controls, and providing complementary expertise, support and challenge relating to the management of risk.

A centrally managed internal audit department provides the third line role by reviewing the design and operating effectiveness of the internal control environment, which includes the work performed by the first and second lines management teams. External assurance providers sit outside the three lines' roles but provide additional assurance to satisfy legislative and regulatory expectations, or requests from management or the Board to complement internal sources of assurance.

Internal audit operated in all of the Group's managed businesses in 2020, reporting its work to executive management and the Audit Committee on a regular basis. The internal audit department's mandate and annual audit coverage plans were approved by the Audit Committee.

The scope of internal audit work covers the broad spectrum of risk to which the Group is exposed. The audit of controls associated with major operating/technical risks is undertaken in conjunction with relevant experts from the Technical and Sustainability function, the results of which were shared with the Sustainability Committee and Audit Committee.

In determining its opinion that the internal financial controls and internal control and risk management environment was effective during 2020, the Audit Committee considered the following factors:

- The results of internal audit work, including the response of management to completion of actions arising from audit work
- The key risk areas of judgement and estimation uncertainty within financial reporting and mitigating actions taken by management
- The output of risk management work
- The output of external audit work and other assurance providers
- Issues identified by management or reported through whistleblowing arrangements, and the results of investigations into allegations of breaches of our values and business principles.

Reviewing the effectiveness of the system of risk management and internal control

The Board, through the Audit Committee, fulfils its responsibility in reviewing the effectiveness of the system of risk management and internal control through review of reports submitted over the course of the year covering the risk management process, adequacy of the internal control environment, consideration of risk appetite, in-depth reviews of specific risks and the results of external audit work. The Sustainability Committee also reviews technical and safety risks in detail and reports its findings to the Board.

Reviewing the effectiveness of internal audit

The Committee assesses the work of internal audit on a regular basis through the receipt of reports on the progress of the internal audit plan and issues arising and through its annual effectiveness review. The resources of internal audit are also monitored to ensure appropriate expertise and experience. The Committee met with the head of internal audit, in the absence of management on two occasions during 2020. Furthermore, the chair of the Committee held regular one-to-one meetings with the head of internal audit. This enables further evaluation of the work performed.

Whistleblowing programme

The Group operates a multilingual whistleblowing facility which uses a reporting platform provided by a third party service provider. The whistleblowing programme is called YourVoice and continues to facilitate confidential and anonymous reporting of a wide range of concerns including:

- People
- Safety
- Legal and regulatory (including bribery and corruption)
- Fraud and theft
- Information management
- Social and environment issues.

YourVoice channel is available to our employees in our managed operations as well as to all external stakeholders, such as suppliers, community members, and members of the public affected by our operation.

During 2020, we received 614 reports through the YourVoice channel, a 22% increase from 2019. Although much fewer than prior years, we continued to receive reports about procurement fraud committed by an external criminal syndicate in South Africa, and we continue to work with law enforcement authorities on this.

722 allegations were closed during this reporting period, including intakes of 2020 and prior years. 31% of the 2020 allegations closed were substantiated or partially substantiated. All whistleblowing reports are assessed and investigated as appropriate. Appropriate actions were taken against substantiated allegations in accordance with Group policies.

The continued rise in reports is attributed to the increased awareness of the channel and growing culture of trust among our employees and other stakeholders to raise their concerns with confidence. The promotion of this channel through other relevant Groupwide initiatives, policies, and programmes, also encouraged a healthier 'speak up' culture.

The current process facilitates the opportunity to take early remedial actions and enables management to address any systemic issues identified. For this purpose, protocols have been agreed with the Group's senior management for early involvement and support in sensitive investigation cases, such as fraud, bullying, harassment, safety and others with significant reputational damage.

The Audit Committee is charged with the responsibility of monitoring and advancing the programme on a continuous basis.

Directors' remuneration report

"The Group has shown resilience in the face of challenges posed by Covid-19 and the Committee has considered pay outcomes for executives in light of the impact of the pandemic on our shareholders, employees and other stakeholders"

Committee members

Anne Stevens – Chair
Ian Ashby
Byron Grote
Jim Rutherford (resigned 31 December 2020)
Hixonia Nyasulu (appointed 23 February 2021)

For further detail on biographies and Board experience:
See page 100-103

The chairman, chief executive, Group director of people and organisation and the Group head of reward also attend meetings of the Committee.

Role and responsibilities

- Establishing and developing the Group's general policy on executive and senior management remuneration
- Determining specific remuneration packages for the chairman, executive directors, members of the Group Management Committee (GMC) and other senior management for review and approval by the Board
- Input and oversight on the reward policy for the broader workforce
- Engaging with the wider workforce, shareholders and other stakeholders regarding executive remuneration.

The Committee's terms of reference are available to view online.

For more information, see
www.angloamerican.com/about-us/governance

Changes to the Committee

Jim Rutherford stepped down as a non-executive director on 31 December 2020.

Focus in 2020

- Finalisation of the new directors' remuneration policy, including consultation with shareholders on key aspects of the new policy
- Renewal of BSP and LTIP share plan rules
- Confirmation of incentive results for the 2019 annual bonus and vesting levels of the 2017 LTIP
- Setting of incentive targets for 2020, including the 2020 annual bonus and 2020 LTIP
- Additional meeting to review the impact of Covid-19 on all stakeholders, including employees and communities, the company's response and the potential impact on executive remuneration
- Update on broader employee pay
- Appointment of Deloitte as the new external adviser to the Remuneration Committee.

Key areas of focus for 2021

- Assessment of 2020 incentive outcomes, ensuring any issues stemming from Covid-19 are well understood and that the effect on executive pay aligns with the impact on the wider workforce
- Continued review of impact of Covid-19 on all stakeholders
- Review of corporate governance and remuneration trends and any implications for the Group
- Consideration of impact on incentives of proposed exit from our Thermal Coal operations in South Africa.

Introductory letter

Response to Covid-19

As the worst global public health crisis in 100 years, the Covid-19 pandemic has had a profound impact on both business and society in general.

The Board is proud of the way Anglo American has acted in accordance with its values and provided global leadership and co-ordination, including in safety, health, supply chain and innovation, with our communities, with governments and within the industry. Through these actions, the company has worked to protect the safety and health of colleagues and communities; to maintain the security and integrity of its assets; to ensure the continued supply of essential raw materials to customers; and to preserve its ability to return to full operations as swiftly as possible.

People are at the heart of our business and our overwhelming priority is the safety and health of our colleagues and their families. Our WeCare lives and livelihoods programme was launched in response to the pandemic, focused on four key pillars of physical health, mental health, community response and living with dignity. It ensured relevant controls were in place to monitor, prevent and mitigate the risks of Covid-19. This included administering 163,231 Covid tests for employees, contractors and their families. Importantly, we continued to pay colleagues who were unable or not required to work during lockdowns and protected jobs by delaying any planned restructuring through the peak of Covid-19 related disruption.

Working with community, traditional and faith leaders, as well as government agencies, our teams provided the support needed on the ground. Our community oriented primary care programme reached 2.7 million people and deployed clinical staff in support of government efforts, including providing training to 4,015 community health workers. We provided water to 176,500 people and 52,500 food aid parcels to vulnerable households. To date, $40 million has been provided in many forms to support communities in tackling Covid-19.

Anglo American constructed a broad based response that has been warmly welcomed by our employees and stakeholders alike. The actions taken with colleagues, communities, governments and customers (as detailed in our 2020 Sustainability Report, pages 19-21) prioritised the health and safety of our workforce, and our host communities, while ensuring the continuity of our business. Going into 2021, we continue to provide support while we transition into the all important phase of sustained recovery.

In solidarity with the global fight against the pandemic, all GMC and Board members donated 30% of their salary or fees for three months to Covid-19-related causes.

Business and strategic context

Our approach to pay aims to reward both delivery of long term strategy and annual goals. We do this by balancing metrics that focus on the future with those focused on key short term outcomes.

Climate change is the defining issue of our time, and it is vital that we understand the impact our business has on the environment and minimise the impact of our operations. Countries and companies are working to curb greenhouse gas emissions and the global response is a move towards a greener world. Anglo American is fully committed to helping enable this sustainable future.

With the company having met its interim greenhouse gas (GHG) reduction targets a year early, the commitment has been added to achieving carbon neutrality across our operations by 2040, and to have eight of our operations carbon neutral by 2030.

This sustainable future being envisioned relies in part on technologies that reduce water usage, require less energy and produce less waste. Predictive data analytics will transform our operations in environmental management and health.

Our diversified mix of premium quality metals and minerals is well suited to helping the world decarbonise. The acquisition of the Woodsmith project (now our Crop Nutrients business) and the planned exit from our Thermal Coal operations takes us further towards a more sustainable future.

The Committee has sought to align executive pay with this critical agenda, with health, environment and social responsibility metrics featuring across both the annual and long term incentives. Additionally, our ongoing portfolio strategy and FutureSmart Mining™ programme goals, which drive long term sustainability, are captured within the strategic and personal objectives of the annual bonus. These metrics cascade through the organisation, ensuring that everyone is aligned to help deliver a sustainable future.

Ensuring that we have the right environmental, social and governance (ESG) metrics in place, incentivising both the key initiatives that will drive step change performance, as well as capturing the resulting progress, remains an ongoing focus for the Committee.

Decision-making

In making decisions on remuneration outcomes and policy for the executive directors, the Committee has taken into consideration: company performance, which includes financial performance; progress in safety; personal achievements within the context of our strategic ambitions around innovation; and transforming our portfolio. We also continue to consider shareholder opinion, shareholder experience, pay for the wider workforce, and wider societal expectations. As a Committee, we continue to strive to make decisions that strike a balance between incentivising the management team, paying for good performance and being equitable in the broader context.

The impact of Covid-19 made 2020 a challenging year for all our stakeholders and the Committee determined that pay decisions must look beyond purely internal metrics to take account of the external impacts of Covid-19 and the relative performance of management in dealing with the pandemic – the payment of incentives in this extraordinary year is not automatic. It is the Committee's strong belief that the actions taken by management to protect lives and livelihoods through the pandemic, both inside the company and across the communities we serve, have been industry-leading. For this reason, whilst we have not increased pay outcomes or adjusted performance metrics to reflect the impact of Covid-19 on our business, the Committee does believe it appropriate to pay the bonus and LTIP outcomes based on the actual results delivered against the targets as set at the start of the year.

Policy approval and continued shareholder consultation

As detailed in last year's directors' remuneration report, an updated directors' remuneration policy was put to vote at the AGM on 5 May 2020. I am pleased to report that the new policy passed with the overwhelming support of 95.61% of shareholders. Likewise, support was given for renewed share plan rules governing our LTIP awards and deferred bonus awards.

The Committee engaged extensively with shareholders through the development of the policy and I would like to thank all those who took part in the consultations for their constructive dialogue and comments.

2020 outcomes

Safety, health and environment

Creating a safety culture at all levels of the organisation by incorporating innovation and digitalisation has become the focus for ensuring our commitment to safe working practices, and the continued commitment to achieving zero harm.

Tragically, we lost two colleagues in work-related incidents at our managed operations. This is the lowest number of fatalities ever recorded in our business but, as a Board, we reiterate that any loss of life is unacceptable. To reflect the loss of two lives at our managed operations, the Committee exercised its discretion to operate the safety deductor on the overall annual bonus outcomes.

In 2020, we continued the trajectory of reducing total recordable injuries with the lowest outcome on record. The Elimination of Fatalities Taskforce is a key workstream to ensure we achieve our goal of zero harm, making sure every colleague returns home safe each day.

We have made a public commitment to an industry-leading target of achieving carbon neutrality across our operations (Scope 1 and 2) by 2040, and have developed plans to achieve carbon neutrality at eight of our assets by 2030.

Financial performance
Despite the impact of Covid-19, the Group's 2020 financial performance has been robust, with strong copper, PGMs and iron ore prices offsetting weaknesses in diamonds, metallurgical coal and thermal coal.

Underlying EBITDA for the year decreased by 2% due to the impact of Covid-19 and operational disruption at Grosvenor and the PGMs business. Attributable free cash flow was 47% lower, due largely to a temporary increase of working capital and investments in the business; however return on capital employed (ROCE) performance was strong at 17%, above our target return through the cycle. In 2020, we also saw impressive relative share price performance resulting in a TSR of 16.2% for the year, versus (11.4)% for the FTSE 100.

The Committee considered the operation of the policy in 2020 and the pay outcomes to be appropriate and reflective of performance.

Bonus outcomes
EPS performance measured using fixed prices and foreign exchange (FX) rates was 103 cps and resulted in 0% vesting of the 25% of the annual bonus determined by this metric. The 25% of the annual bonus based on underlying EPS at actual prices and FX rates resulted in a 75% vesting, with a result of 253 cps.

The Group delivered a best-ever safety performance and continued to make good progress towards our environmental and health goals, resulting in a 90% payment against SHE targets (this does not include the safety deductor which is applied on the whole award).

Bonus outcomes after the safety deductor were between 54.6% and 55.6% of maximum, 3% lower than the bonuses paid in respect of 2019. The Committee did not adjust bonus outcomes as a result of Covid-19.

2018 LTIP outcomes
The shareholder experience over the three-year performance period was a positive one, the TSR outcome of 71.1% is significantly higher than the FTSE 100 median TSR of (2.6)% and the Euromoney Global Mining Index TSR of 43.1%. This resulted in full vesting of the 70% based on the two TSR components.

The 10% of the award dependent on ROCE vested at 58%, based on attributable ROCE of 17% for the year. Growth in operational cash flow was impacted by a temporary increase in working capital due to increased inventory in PGMs and diamonds, as well as by increased capital expenditure of $4.1 billion that includes growth projects and life-extension projects. This resulted in attributable free cash outflow of $3.6 billion over the three years (2019: inflow of $3.2 billion) resulting in 0% vesting for the 10% of the LTIP for this measure.

The sustainability measures were partially achieved, resulting in an 80% vesting for the 10% of the LTIP based on ESG measures.

The LTIP awards will therefore vest at 83.8% of maximum. No adjustments were made to the LTIP vesting or performance outcomes to account for the impact of Covid-19. The vesting cap introduced in 2017 will not come into force for the 2018 LTIP vesting based on current share prices.

The Committee considered the annual bonus and LTIP outcomes for 2020 to be a fair reflection of the performance of the business and the experience of shareholders and stakeholders.

Fairness and wider workforce pay

Last year, I detailed the formation of a Global Workforce Advisory Panel chaired by our senior independent director Byron Grote to facilitate how the Board communicates with and takes aboard the views of the wider workforce. Despite challenging conditions, two meetings took place, with the results being reported back to the Board and discussed by the Committee.

A dedicated fairness section has been introduced, detailing gender pay gap numbers, the CEO pay ratio, and illustrations of how our pay structure is cascaded through the business.

CEO pay ratio
For the third year, we include a comparison of the CEO's remuneration to the pay for an employee at the median, lower quartile and upper quartile of the UK employee population. In 2019, our median CEO pay ratio was 133:1, this has fallen to 105:1 for 2020. On a like-for-like basis (excluding employees within our Crop Nutrients business) the ratio has fallen to 95:1. This fall in the like-for-like comparison is due to the lower share vesting value, which has a greater impact on CEO remuneration than on the wider workforce; and the reduction in the CEO's pension.

Looking ahead

Anglo American has set out a clear path that positions us to play a key enabling role in transitioning to a low carbon economy. The portfolio, technology and sustainability programmes that determine our future have been defined and, following review by the Committee, are now clearly reflected in our incentives. Specific climate and other ESG metrics feature in both annual and long term incentives, and the delivery of our portfolio and FutureSmart Mining™ programmes is captured within the strategic and personal objectives of the annual bonus. This cascades through the incentives of employees across Anglo American. This process of reviewing the structure of incentives to ensure we optimise alignment between pay and the strategy will continue as we seek to ensure our pay outcomes reflect the experience of all our stakeholders.

Looking forward to 2021, there will be further challenges stemming from the fall-out of Covid-19. The Committee will look closely at incentive levels to ensure that they offer a true reflection of the company's performance and management delivery.

Salaries
The Committee approved a 2% increase to executive directors' salaries in 2021, in line with the 2% increase awarded to the Group's UK-based employees. Taking into account the continued reduction in the executive directors' pension contributions (3.33% reduction in 2021), it will mean that, for a second consecutive year, the overall level of fixed pay will be lower than in the previous year.

Implementation of incentives in 2021
There are no changes to the incentive levels in 2021, with the maximum opportunities for the annual bonus and LTIP remaining at 210% and 300% of salary respectively. Performance measures attached to the awards are under the terms of the updated policy. Details of performance conditions attached to the 2021 incentives can be found in the implementation report that begins on page 129.

Conclusion

Covid-19 has impacted every part of society and I am proud of the company's resilience and response to the challenges posed. The Committee is equipped with a clear and transparent remuneration policy that provides the structure for remuneration of directors to be predictable but also retains the necessary flexibility to allow a response to the changing global environment and to execute the company's Purpose of *re-imagining mining to improve people's lives*.

Anne Stevens
Chair, Remuneration Committee

At a glance

This section provides a summary of the key information presented across the remuneration report. This includes an overview of the 2020 policy, performance and remuneration outcomes as well as how our remuneration is linked to strategy.

Summary of our remuneration structure

Summary of 2020-2023 remuneration policy components

Link to strategy	Key features
Fixed pay	
Salary Recruitment and retention of high-calibre executives	– Reviewed annually by Remuneration Committee – Increases based on Group performance, individual performance, levels of increase for the broader UK population and inflation
Benefits	– Include car-related benefits, medical insurance, personal-taxation and financial advice, among others – Capped at 10% of salary
Pension Alignment with the wider workforce	– Newly appointed directors: same contribution level as the wider workforce – Incumbent directors: 25% of salary (reduced from 30%) from 1 January 2020. This level will be reduced further by 3.33% each year to align with the rate for the wider workforce from 1 January 2023
Annual bonus	
Cash Rewards delivery of strategic priorities and financial success	– Maximum bonus award of 210% of salary – Outcome based on financial, SHE, strategic and individual objectives subject to a safety deductor – 50% of bonus is paid in cash – Cash bonus subject to malus and clawback
Deferred shares Encourages sustained performance in line with shareholder interests	– 50% of bonus is deferred into shares (Bonus Shares) – One-third of Bonus Shares will vest after two years, with the remaining Bonus Shares vesting after a further one year – Bonus Shares are subject to malus and clawback
LTIP	
Encourages long term shareholder return and accomplishment of longer term strategic objectives	– Shares granted with a face value of 300% of salary – Shares vest after a three-year performance period and released after a further two-year holding period – Vesting based on measures linked to strategic priorities – LTIP award is subject to malus and clawback
Shareholding guidelines	
In-post To align with long term shareholder interests	– CEO: 400% of salary – Other executive directors: 300% of salary
Post-employment To align with long term shareholder interests	– Lower of the in-post requirement at the time of cessation and the actual shareholding at cessation – To be held for two years post-employment

2021 2022 2023 2024 2025

Annual bonus: One-year performance; Two-year vesting; Three-year vesting

LTIP: Three-year performance; Two-year holding

Underlying EPS◊

$2.53/share

Three-year shareholder return

71%

Group attributable ROCE◊

17%

2021 Implementation table

Key remuneration element	Implementation	Performance metrics
Salary	Mark Cutifani £1,398,759 (2% increase) Stephen Pearce £842,977 (2% increase) Tony O'Neill £874,255 (2% increase)	
Car allowance	Mark Cutifani £32,643 Stephen Pearce £31,479 Tony O'Neill £31,479	
Pension	21.67% of base salary (decrease from 25% in 2020 and 30% in 2019)	
Annual bonus	Maximum of 210% of salary 50% paid out as cash 17% paid out as shares deferred for 2 years 33% paid out as shares deferred for 3 years	34% EPS 16% SAFCF 20% SHE 20% Strategic 10% Individual
LTIP	Maximum of 300% of salary 3 year performance period with 2 year post-vesting holding period	50% TSR 15% ROCE 15% SAFCF 20% ESG

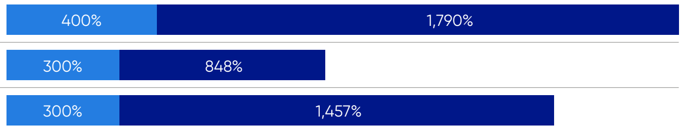
Key performance metrics from 2021

Metrics	Pillars of value	Rationale	Annual Bonus weighting	LTIP weighting
Safety and zero harm	Safety and health	– Employee safety is the Group's first and most important value	15%	
Underlying EPS◊	Financial	– EPS links reward to delivery of in-year underlying equity returns to shareholders	34%	
Sustaining attributable free cash flow	Financial	– Incentivises cash generation for use either as incremental capital investment, for capital returns to shareholders, or debt reduction	16%	
Environmental systems	Environment	– Deployment of key programmes as part of the Company's long term strategy on the environment	5%	
TSR	Financial	– Creates a direct link between executive pay and shareholder value – Measure is split between comparison against sector index (Euromoney Global Mining Index) and comparison against local peers (constituents of FTSE 100 index)		50%
Group attributable ROCE◊	Financial	– ROCE promotes disciplined capital allocation by linking reward to investment return		15%
Sustaining attributable free cash flow	Financial	– Incentivises cash generation for use either as incremental capital investment, for capital returns to shareholders, or debt reduction		15%
Greenhouse gas emissions	Environment	– Commitment to address climate change by reducing operational greenhouse gas emissions		8%
Tailings facilities	Environment	– 100% implementation of updated Anglo American standards incorporating GISTM requirements across Group-managed facilities		6%
Social responsibility	Socio-political	– Off-site jobs supported at our locations to reinforce our commitment to the communities in which we operate		6%
Total			**70%(1)**	**100%**

(1) 30% of annual bonus dependent on achievement of strategic and individual goals

Executive directors' shareholdings

	Requirement	Shareholding as at 31 Dec 2020
Mark Cutifani	400%	1,790%
Stephen Pearce	300%	848%
Tony O'Neill	300%	1,457%



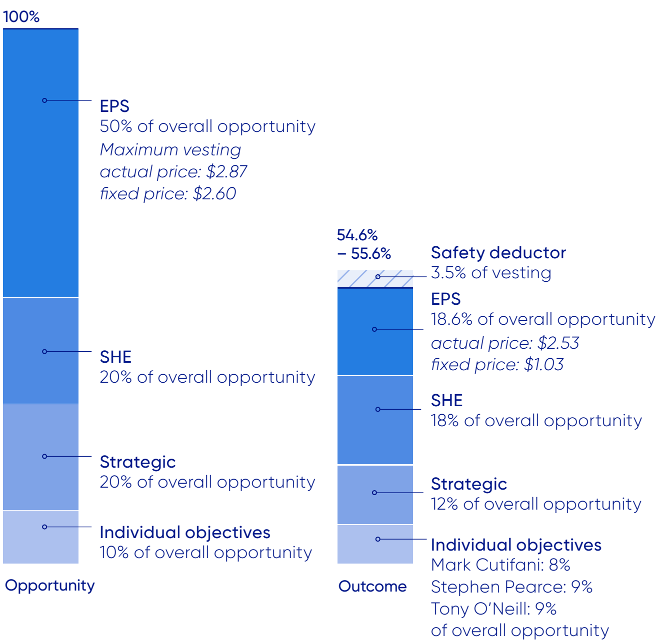
Executive directors are expected to build up and hold a percentage of their salary in shares (400% for the chief executive, 300% for other executive directors). As at 31 December 2020, all executive director shareholdings exceeded the required levels.

For more information
See page 142

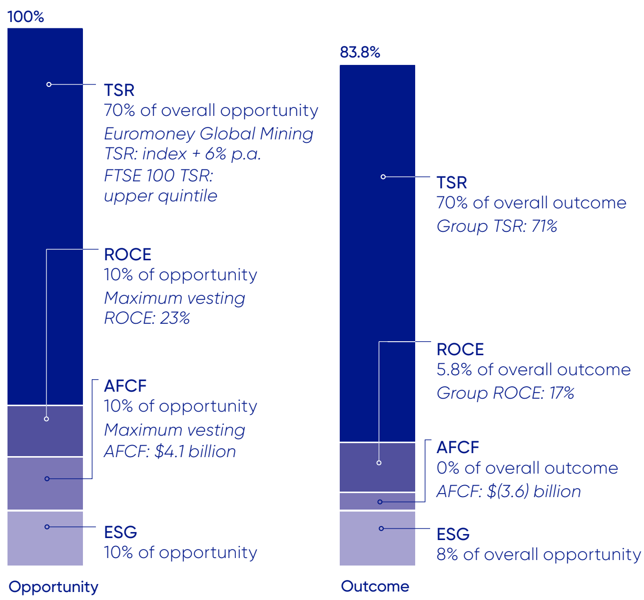
2020 Pay outcomes £'000

– Fixed pay comprises salary, benefits and pension
– Bonus figures include deferred shares
– LTIP paid includes dividend equivalent amounts

2020 annual bonus vesting outcome



2018 LTIP vesting outcome



Directors' remuneration policy

2020 executive directors' remuneration policy

A new remuneration policy was set out in the 2019 annual report and was presented for shareholder approval at the AGM held on 5 May 2020. This Policy was approved with 95.61% support. It is intended that this policy will apply until the Company's 2023 AGM.

The full remuneration policy can be found in the 2019 annual report available on our Group website
www.angloamerican.com/annual-report-2019

How our remuneration policy addresses UK Corporate Governance Code provision 40 principles

The 2020 remuneration policy was designed taking into consideration the principles of provision 40 of the UK Corporate Governance Code. The table below outlines how the policy addresses each of those principles:

Principle	How this is addressed in the 2020 remuneration policy
Clarity	Our remuneration structure is clearly defined. Performance-based elements, metrics and vesting schedules are clearly disclosed on payment.
Simplicity	Our remuneration elements comprise well-understood UK market standard elements.
Risk	Our policy limits the risk of unfair or excessive remuneration through the following measures: – Clearly defined limits on the maximum opportunities of incentive awards – Operation of deferral on annual bonus share awards on significant portion of the award – Operation of post-vesting holding period for LTIP awards – Strong powers of discretion for Remuneration Committee to adjust formulaic outcomes of incentive awards to ensure payouts are aligned to Group performance – Robust malus and clawback provisions on all incentives – Reduction in LTIP award mechanism to ensure reduction in grant size of awards should there be a significant fall in share price between grants.
Predictability	The policy has defined limits which can be used to determine potential values. Scenario charts were presented before approval of the policy to illustrate potential payout scenarios under the new policy.
Proportionality	Payouts under incentive awards are linked to the fulfilment of performance conditions that support the Group's long term strategy. Deferral and annual grant of awards ensure performance measures will continue to be aligned. The Committee's powers of discretion ensure that there will be no rewards under incentives for poor performance.
Alignment to culture	Focus on share ownership and long term sustainable performance is reflected in the updated policy. LTIP measures support a long term focus for executives, including on environmental issues. Payouts for a significant portion of both the annual bonus and LTIP are dependent on the achievement of ESG and SHE measures, which underlines the importance of sustainability to the Group strategy.

Summary of policy and statement of implementation of policy in 2021

The following pages provide a summary of the key elements of our directors' remuneration policy. The last column of the table below states how the remuneration policy will be applied in 2021.

For 2021, there are no significant changes in approach compared to 2020. The Committee has, however, reviewed the performance measures for the annual bonus and LTIP and some changes have been made, as summarised below.

Performance measures

The annual bonus measures for 2021 are considered by the Board to be commercially sensitive, they will be disclosed in the 2021 annual report on remuneration. Specific details of individual and strategic performance targets for 2021 will also be included in the 2021 report.

In line with the policy, at least 50% of the annual bonus will be linked to financial performance. For 2021, EPS will account for 34% of the annual bonus. Half of this will be based on performance at out-turn prices and FX, and half on performance at fixed prices and FX. Sustaining attributable free cash flow (SAFCF) will be introduced to the annual bonus and account for 16% of the annual bonus at fixed prices and FX.

In 2021, the structure of the LTIP will continue to include a 50% weighting on relative TSR. Financial measures based on ROCE and SAFCF will continue to account for 15% each, with the remainder of the measures focused on strategic objectives, including critical ESG priorities. For 2021, SAFCF will be measured at actual prices and FX (previously measured at fixed prices and FX).

The measure of reducing greenhouse gas (GHG) emissions has been retained given its importance to the Group in achieving its Sustainable Mining Plan's commitments of a 30% reduction in GHG emissions by 2030. The energy efficiency measure from the prior year has been removed, as the Committee considered that this was sufficiently captured, in future years, through a focus on Scope 1 and 2 GHG emissions. A measure related to tailings facilities has also been retained following the approval of the new Global Industry Standard on Tailings Management (GISTM) which will see the programme continue for another four to five years. It was initially intended that the measure on tailings facilities would be included in the 2020 LTIP only, but it has been retained with the adoption of the new international standard given its importance to the Group's environmental goals.

The introduction of a social responsibility measure provides focus on this critical aspect of community sustainability and our social licence to operate. The measure will focus on one of our Sustainable Mining Plan's key commitments of delivering socio-economic development to our host communities. Our Sustainable Mining Plan commits to five jobs supported in host regions for every on-site job by 2030, with a focus on programmes aimed at women, youth and people with disabilities. The measure in the 2021 LTIP will be to support two jobs off-site by the end of 2023 for each on-site job.

The three-year SAFCF measure in the LTIP will be at actual prices and FX and is considered by the Board to be commercially sensitive; disclosing it would enable competitors to derive information as to our detailed business plan. The actual targets, along with the outcomes, will be disclosed in the 2023 remuneration report. The definition of SAFCF can be found on page 247.

Key aspects of the remuneration policy for executive directors

	Operation	Opportunity/performance measures	Implementation for 2021
Basic salary To recruit and retain high calibre executives People	Basic salary levels are reviewed annually by the Committee, taking account of factors including the Group's performance, individual performance, levels of increase for the wider workforce and inflation. The Committee also considers the impact of any basic salary increase on the total remuneration package. Any increases awarded will be set out in the applicable statement of implementation of policy.	Maximum increase of 5% of salary per annum, in normal circumstances. There may be occasions when the Committee may award a higher annual increase, the rationale for which will be explained to shareholders in the applicable statement of implementation of policy.	Executive directors will receive a 2% increase in salary for 2021. This increase is in line with the increase for the Company's UK employees. With effect from 1 January 2021, the salaries for the executive directors will be: – Mark Cutifani – £1,398,759 – Stephen Pearce – £842,997 – Tony O'Neill – £874,225
Annual bonus To encourage and reward delivery of the Group's strategic priorities for the relevant year. To ensure, through the deferral of a portion into shares, that longer term focus is encouraged and in line with shareholder interests. Safety and health Environment Socio-political People Financial Cost	The annual bonus is awarded based on a combination of measures, determined by the Committee each year to ensure continued alignment with the Group's financial goals, strategic priorities and business needs. 50% of the annual bonus earned will be deferred into shares under the Bonus Share Plan (BSP), vesting 17% after two years and 33% after three years. Dividends are paid on Bonus Shares. Malus and clawback provisions apply as described below.	The maximum annual bonus opportunity is 210% of salary. The bonus earned at threshold performance is up to 25% of the maximum. Performance below threshold results in zero bonus. Performance measures for the annual bonus for each year must meet the following criteria: – Minimum 50% financial measures – Minimum 15% SHE measures – Maximum 20% personal measures – Remainder of award to be linked to strategic measures	The maximum annual bonus opportunity for each of the executive directors remains at 210% of salary. The performance measures for the 2021 award will be as follows: – **EPS** (34% weighting) – Half on performance at out-turn prices and FX, and half on performance at fixed prices and FX – **SAFCF** (16%) – Sustaining attributable free cash flow at fixed prices and FX – **Strategic measures** (20%) – Strategic objectives supporting the Group's delivery on portfolio, innovation and people – **SHE measures** (20%) – Safety objectives focused on elimination of fatalities, environment, health and injuries – **Personal measures** (10%) – Individually tailored objectives to motivate the execution of the Group strategy A safety deductor will continue to apply to the annual bonus award; this will be operated at the discretion of the Remuneration Committee
Long Term Incentive Plan (LTIP) To encourage and reward the achievement of long term sustainable shareholder returns and the delivery of financial/strategic priorities. To align executive director interests to shareholder interests. Safety and health Financial Environment Socio-political	Conditional awards of shares or nil-cost options are granted annually, with a performance period and vesting period of at least three years. Any awards that vest are subject to a holding period so that the overall LTIP time horizon is at least five years. Vested awards may not generally be sold during the holding period, other than to cover tax liabilities arising on vesting. Dividend equivalents accrue over the vesting period and are payable in respect of awards that vest. Malus and clawback provisions apply as described below.	The maximum annual LTIP opportunity is 300% of salary. The Committee reviews the executive directors' LTIP award sizes annually, prior to grant, to ensure they are appropriate. The Committee intends to apply a reduction to award opportunities if the Group's share price declines by more than 25% between consecutive award dates; the reduction will typically be no less than 50% of the degree of share price decline. For each performance element, threshold performance warrants 25% vesting of the element, rising on a straight-line basis to 100% for achieving stretch targets. Performance below threshold results in zero vesting. Performance measures attached to each award should be linked to the Group's strategic priorities and may include, but are not limited to, TSR, ROCE, FCF and other strategic objectives.	The maximum LTIP opportunity for each of the executive directors remains at 300% of salary. The performance measures for the 2021 LTIP will be as follows: – **TSR vs Euromoney Global Mining Index** (33% weighting) – 25% vesting for TSR equal to index; 100% for Index performance +6% per annum – **TSR vs FTSE 100** (17%) – 25% vesting for TSR equal to median performance; 100% vesting for TSR equal to 80th percentile performance – **ROCE** (15%) – 25% vesting for 12% return; 100% vesting for 20% return – **SAFCF** (15%) – Sustaining attributable free cash flow at actual prices and FX – **GHG emissions** (8%) – 25% vesting for 5% improvement in GHG intensity on a copper equivalent basis; 100% vesting for 15% improvement – **Tailings facilities** (6%) – 100% vesting for full implementation of the updated Anglo American standard (2020) that incorporates all GISTM requirements across Group-managed operations for tailings facilities that have a Potential Loss of Life rating of at least one person or more by 5 August 2023 – **Social responsibility** (6%) – number of off-site jobs supported for each on-site job. 25% vesting for 1.5 off-site jobs supported, 100% vesting for 2 off-site jobs supported.

	Operation	Opportunity	Implementation for 2021
All-employee share plans To encourage eligible employees to build up a shareholding in the Company. People	Executive directors are eligible to participate in applicable all-employee share plans on the same basis as other eligible employees. In the UK, these currently comprise the Company's Save As You Earn (SAYE) scheme and Share Incentive Plan (SIP) on identical terms to other UK employees.	In line with the award limits applicable to the share plan, on the same basis that apply to other eligible employees.	SIP free, partnership and matching schemes continue to be operated for 2021. The SAYE scheme also continues to be operated for 2021.
Pension To provide a market competitive level of pension provision, taking account of the provisions for the wider workforce, to attract and retain high performing executive directors. People	Executive directors participate in defined contribution pension arrangements. Executive directors have the option for contributions which may not be paid to a UK-registered pension scheme as a result of applicable limits (either annual allowance or lifetime allowance) to be treated as if paid to an unregistered unfunded retirement benefit scheme (UURBS). Executive directors may request a pension allowance to be paid in place of defined contribution arrangements.	New executive director appointments will receive the same Company contribution as the wider workforce. Incumbent executive directors will receive a rate of Company contributions of 21.67% (reduced from 25% in 2020 and 30% in 2019) of salary from 1 January 2021. This will be further reduced by 3.33% on 1 January 2022 to 18.34% of salary and then to 15% of salary from 1 January 2023, when it will be aligned with the rate for the wider workforce.	The pension contribution for executive directors for 2021 will be 21.67% of base salary.
Other benefits To provide market competitive benefits. People	The Company currently provides the following ongoing benefits: – 28 days' leave, with encashment of any accumulated leave in excess of 20 days – Car-related benefits – Medical insurance (family) – Death and disability insurance – Directors' liability insurance – limited personal taxation and financial advice – Club membership – Other ancillary benefits, including attendance at relevant public events. The Company reimburses all necessary and reasonable business expenses.	Capped at 10% of salary. The Committee reserves the discretion to exceed the ongoing maximum level for certain situation-specific benefits, such as relocation. Full details of the exercise of any such discretion will be set out in the applicable statement of implementation of policy.	No changes to benefits operated for 2021.

Malus and clawback

Awards under the annual bonus (including both cash and deferred bonus awards under the BSP) and LTIP are subject to malus provisions and clawback provisions, which may be applied during the period of two years after the date of vesting. Malus refers to the reduction, including to nil, of unvested or unpaid awards or the requirement for additional performance measures to be met for vesting of the award. Clawback refers to the recovery of paid or vested amounts. Malus and clawback may be applied in the circumstances below, as well as in other exceptional circumstances, at the Committee's discretion.

- Material misstatement in results
- Misconduct
- Material failing in risk management
- Error in calculation.

Shareholding guidelines

Within five years of appointment, executive directors are expected to hold shares in the Company with a value of four times basic salary in respect of the CEO and three times basic salary in respect of other executive directors. The Committee takes into consideration achievement against these in-post guidelines when making grants under the Company's various incentive plans.

In order to provide further long term alignment with shareholders, and in line with the UK Corporate Governance Code, executive directors will normally be expected to maintain a holding of Company shares for a period after their employment. Executive directors will normally be required to continue to hold the lower of the in-post requirement at the time of cessation and the actual shareholding at cessation. The requirement applies for a two-year period post-termination, and applies to all share awards granted under the BSP or LTIP from 2020 onwards.

Non-executive director fee policy

The full remuneration policy for our NEDs is outlined in the 2019 annual report. The policy does not set limits for individual fees but the policy does state that maximum annual aggregate basic fees for all NEDs (excluding the chairman) should not exceed £1.25 million.

Non-executive director fees implementation for 2021

The NED fees for 2021 are set out below; these are unchanged from 2020.

For 2021, the chairman received a 2% increase to his fees in line with the increase for the wider UK employee population.

Role	Fee (£'000)
Chairman fee	714[1]
NED base fee	90
Senior independent director	30 (additional to base fee)
Chair of Audit, Remuneration or Sustainability committees	30 (additional to base fee)
Audit, Remuneration or Sustainability committee membership	15 (each committee membership)
Nomination committee membership	10

(1) Includes service on any Board committees.

Annual report on directors' remuneration

Audited Information

Under schedule 8 of the Large and Medium-sized Companies and Groups (accounting and reports) Regulations 2008, elements of this section of the report have been audited. The areas of the report subject to audit are indicated in the headings.

Executive director remuneration in 2020 (audited)

The table below sets out the remuneration paid to the executive directors for 2020.

Single total figure of remuneration for executive directors

	Total basic salary £'000[1]	Benefits in kind £'000	Annual bonus – cash and Bonus Shares £'000	LTIP[2][3] award vesting £'000	Pension[4] £'000	Other[5] £'000	**Total £'000**	Total fixed remuneration £'000	Total variable remuneration £'000
Executive directors									
Mark Cutifani	**1,371**	**41**	**1,574**	**4,426**	**402**	**5**	**7,819**	**1,814**	**6,005**
Mark Cutifani (2019)	1,344	39	1,636	7,278	443	5	10,745	1,826	8,919
Stephen Pearce	**826**	**37**	**965**	**2,667**	**210**	**5**	**4,712**	**1,074**	**3,638**
Stephen Pearce (2019)	810	39	1,002	4,386	227	5	6,469	1,076	5,393
Tony O'Neill	**857**	**38**	**1,001**	**2,766**	**248**	**5**	**4,916**	**1,143**	**3,772**
Tony O'Neill (2019)	840	34	1,039	4,548	273	5	6,741	1,148	5,593

(1) In 2020, all EDs voluntarily donated 30% of their salary for three months to Covid-19 related charities and funds. The donated values are included in the disclosed salary figures above.
(2) The LTIP vesting level was confirmed by the Remuneration Committee at its meeting on 22 February 2021. As the awards are due to vest after publication of this report, an average share price between 1 October 2020 and 31 December 2020, of £21.50, was used to calculate the value and will be trued up in the 2021 report. The LTIP values shown include dividend equivalent amounts of £421,232 for Mark Cutifani, £253,865 for Stephen Pearce and £263,269 for Tony O'Neill. The values of LTIP awards that vested in 2020 have been restated using the share price at vesting of £19.43, see page 139 for further details.
(3) For the 2018 LTIP vesting in 2021 between grant and valuation of the award for single figure purposes, the share price increased from £17.79 to £21.50, which equated to an increase in value of each vesting share equivalent to £3.71. The proportion of the value disclosed in the single figure attributable to share price growth is 17.3%. The Remuneration Committee did not exercise discretion in respect of the share price appreciation. For the 2017 LTIP vesting in 2020, the share price increased from £10.52 to £19.43 at vesting, equating to an increase in value of each vesting share equivalent to £8.91. The proportion of the value disclosed in the single figure attributable to share price growth is 45.9%.
(4) Pension figures no longer include employer's NICs values where pension is received as a cash allowance. Pension figures now includes the notional return on UURBS balances. See page 140 for further details.
(5) Other comprises the value of free and matching shares awarded under the SIP. Note that, unlike prior years, dividends received during the year for unvested BSP awards are no longer included. The 2019 figures have been restated for this approach.

Basic salaries for 2020

The basic salaries for 2020 were as follows (in £'000s):

Mark Cutifani

£1,371

(2019: £1,344)

Stephen Pearce

£826

(2019: £810)

Tony O'Neill

£857

(2019: £840)

Benefits in kind for 2020 (audited)

Benefits for executive directors with a value over £5,000 are set out below. The executive directors also receive tax advice, club membership, death and disability insurance, directors' liability insurance, medical insurance and other ancillary benefits.

	Car-related benefits £
Mark Cutifani	32,003
Stephen Pearce	30,862
Tony O'Neill	30,862

Annual bonus outcomes for 2020 (audited)

50% of the total 2020 annual bonus is payable in cash, with 50% deferred into shares. One-third of the deferred shares will vest after two years subject to continued employment; the remaining two thirds will vest after three years.

50% of each executive director's bonus outcome was assessed against EPS targets. 20% each was assessed against strategic and Safety, Health and Environment (SHE) measures, with the remaining 10% being assessed against the achievement of individual objectives.

Strategic and SHE objectives are shared for each executive director, with individual objectives being tailored for their specific roles. The key individual performance measures are assessed against the overall operational and financial performance of the business. The 2020 bonus is again subject to a safety deductor, which for executive directors resulted in a 3.5% reduction of overall values.

In 2020, our record on systemic safety, which is recognised in the SHE targets, was positive. The Group recorded an all-time low injury frequency rate, with our total recordable case frequency rate (TRCFR) decreasing more than 20% over the three-year average.

Tragically, we lost two colleagues in work-related incidents at the Group's managed operations. While this represents a best ever outcome for Anglo American and a continued improvement in progress towards our goal of zero harm, any loss of life is unacceptable and will be reflected in a discretionary 3.5% reduction to overall bonus results for the executive directors and other leaders across the Group. In determining this reduction, the Committee has taken account of the continued year-on-year improvement in reducing fatalities that has been achieved. However, given the progress made over recent years and the internal focus placed on achieving zero harm, the Committee believes that future application of the safety deductor must reflect a new baseline in performance and expectations in our journey to zero harm. As such, the approach to the safety deductor will be reviewed in 2021.

These fatal incidents highlight how important it is for us to continue to improve the safety of everyone associated with Anglo American, including beyond the mine gate.

Discretion

Incentives are designed to ensure they drive appropriate short and long term behaviours and it is the Committee's general preference to avoid making any adjustments. Aside from the utilisation of discretion to apply the safety deductor, the Committee did not make any discretionary adjustments to the 2020 bonus outcomes.

Summary of 2020 annual bonus vesting

	Financial metrics (50%)	SHE metrics (20%)	Strategic metrics (20%)	Personal metrics (10%)	Total vesting pre-safety deductor (%)	Vesting after 3.5% safety deductor (%)[1]	Annual bonus value (£'000)
Mark Cutifani	18.6%	18.0%	12.0%	8.0%	56.6%	54.6%	£1,573,612
Stephen Pearce	18.6%	18.0%	12.0%	9.0%	57.6%	55.6%	£965,125
Tony O'Neill	18.6%	18.0%	12.0%	9.0%	57.6%	55.6%	£1,000,878

(1) Safety deductor applied on a multiplicative basis from the total vesting level.

Annual bonus performance assessment for 2020 (audited)

The financial element of the 2020 annual bonus is measured against underlying EPS targets. In line with the prior year, 50% of the earnings element of the annual bonus was evaluated against fixed prices and FX rates, with the remaining portion evaluated at actual prices and FX rates. The fixed price and FX rate EPS portion is designed to monitor Group operational performance, excluding the impact of the variations in price and currency fluctuations. Both target ranges are illustrated in the financial performance table, with 25% vesting for performance at threshold.

Underlying EPS assessed at actual prices and FX rates for the year was 253 cps (2019: 275 cps) corresponding to a 75% (2019: 47%) vesting performance. This reflected the strong price environment for the Group's basket of commodities, particularly for PGMs, iron ore and copper, and a robust operational performance at Minas-Rio (Iron Ore) and Collahuasi (Copper), that helped offset operational instability at Metallurgical Coal and PGMs, and Covid-19 disruptions across the Group.

EPS assessed at fixed prices and FX rates was 103 cps (2019: 182 cps), corresponding to a 0% (2019: 33%) vesting performance. Vesting of the combined EPS element was 37.3% (2019: 40%). The EPS element corresponds to 50% of the annual bonus award, with the 37.3% outcome equivalent to 18.6% (2019: 20%) of overall opportunity.

In 2020, shared strategic objectives were introduced into the annual bonus. These objectives reflect the Group's strategic priorities for the year, incorporating a combination of quantitative and qualitative metrics. Following the end of the year, the Committee made a detailed assessment of performance, leading to the evaluations shown in the tables below.

The executive directors have 10% of the annual bonus weighted to individual performance measures (40% in 2019), focusing on the critical deliverables for each executive director in the areas of Portfolio, Innovation and People. The following tables detail the achievement against these objectives for each executive director.

Financial performance

Metric	Threshold	Maximum	Outcome	Weighting	Vesting
Actual prices and FX rates	$1.87/share	$2.87/share	$2.53/share	25%	74.5%
Fixed prices and FX rates	$2.14/share	$2.60/share	$1.03/share	25%	–%
Total				**50%**	**37%**

SHE performance

Metric	Metric type	Achievements	Weighting	Outcome
Total recordable case frequency rate (TRCFR) – improvement of 15% on prior three-year Group average	Safety	TRCFR of 2.14; this resulted in a 22% improvement on the prior three-year average.	5%	100%
Developing roadmap to carbon neutrality	Environment	Public commitment to a target of achieving carbon neutrality across our operations (Scope 1 and 2) by 2040. Plans have been developed for eight of our assets to achieve carbon neutrality by 2030. Work continues on an asset-by-asset basis to develop carbon neutrality plans for the remainder of the Group's assets. Work is under way for the formulation of Scope 3 targets.	5%	100%
Elimination of Fatalities (EOF) programme – deliver top 3 priorities among EOF workstreams: – Safety Organisation Review – EOF Site verification audits – Vehicle safety.	Safety	**Safety Organisation Review** Baseline work concluded; the new group head of safety has been appointed; recruitment of all key roles is in final stages; and site blueprint designs completed for all operations. **EOF site verification audits** All site verification audits were conducted per plan; actions arising from the site visits have also been completed. **Vehicle safety** Full-year target for Phase 1 (vehicles of more than five occupants) achieved. Phase 2 (all other passenger transport vehicles) remains on track for completion in 2021.	10%	80%
Total			**20%**	**90%**

Shared strategic performance

Metric	Metric type	Achievements	Weighting	Outcome
Quellaveco – project delivery per milestones	Portfolio	Quellaveco remains on track to deliver first production in 2022. Earlier schedule gains were impacted by Covid-19 during 2020; however, remobilisation of project during the last quarter of 2020 is near-complete and overall progress at year end was slightly ahead of planned levels. This is a significant achievement amidst challenging circumstances in Peru.	8%	88%
Deliver $800 million of net cost and volume growth via deployment of P101; FutureSmart Mining™; Digitalisation; Technology Development; and Organisation of the Future	Innovation	The targeted in year net cost and volume growth was not delivered as the contribution from innovation was offset by operational instability and disruption due to Covid-19.	6%	0%
Operational Leadership Excellence - programme deployed per milestones	People	The deployment of an intensive development programme involving our general manager population is progressing to plan, and yielding desired results. The programme is being extended to the leaders of our general managers and the BU technical heads.	6%	83%
25% women in manager-once-removed roles by end of 2020	People	Achieved 27% female representation in the chief executive's manager-once-removed population.		
Total			**20%**	**60%**

2020 annual bonus personal performance

Mark Cutifani

	Percentage weighting	2020 outcome
Financial	50%	18.6%
SHE	20%	18.0%
Strategic	20%	12.0%
Personal	10%	8.0%
Total	**100%**	**56.6%**
Safety deductor	A percentage reduction from overall bonus outcome on a multiplicative basis	3.5%
Overall result	**–**	**54.6%**

Details of personal objectives	Achievement	Outcome
Portfolio (6%) – Complete Sirius Minerals Plc acquisition and integration – Demerger of Thermal Coal business – define pathway to exit, secure approvals and commence execution – Finalisation of De Beers parenting strategy. Finalise sales agreement with the Government of the Republic of Botswana	**Sirius Minerals Plc** The acquisition of Sirius Minerals Plc was completed in 2020. The integration is ongoing, with the technical review on target to be completed by mid-2021. Overall project progress was broadly in line with the 2020 plan. A good safety record was achieved during 2020, with a lost time injury frequency rate (LTIFR) of 0 for the year. The tunnelling rates outperformed expectations throughout 2020, resulting in almost 12 km delivered by year end. **Thermal Coal** Pathways to exit thermal coal defined and approved by the Board and made public. Good progress made towards exit from thermal coal operations in South Africa. Exit from minority interest in Cerrejón is intended, but may take time. **De Beers** The execution of De Beers' strategy is progressing to plan. The Lightbox lab-grown jewellery synthesis plant in Oregon was completed in the last quarter of 2020, on schedule and on budget. De Beers restructured in the second half of 2020, in-line with strategic objectives.	66%
Sustainability (2%) – Develop sustainable mining plans. Complete formulation of plans by asset to achieve 2030 goals	By end-2020, all in-scope sites had developed and approved five-year sustainable mining plans. The Corporate Functions' five-year sustainability plans were also completed.	100%
People (2%) – Continue to evolve strategy process to ensure the Board and the Executive are more aligned as we continue our transformation journey – Execute strategy on further organisational streamlining	Strategy is a standing item on both the GMC and Board agendas, which ensures regular alignment. A well-executed Board strategy event took place in October. The strategy is progressing to plan in De Beers, Copper, Thermal Coal, Kumba, and PGMs following a pause in mid-2020 to assess the impact of Covid-19 and focus on operations re-building to full capacity. The next phases of simplification for delivery in 2021 have been defined, which includes full deployment of the Organisation Model.	100%
Overall individual performance		**80%**

Stephen Pearce

	Percentage weighting	2020 outcome
Financial	50%	18.6%
SHE	20%	18.0%
Strategic	20%	12.0%
Personal	10%	9.0%
Total	**100%**	**57.6%**
Safety deductor	A percentage reduction from overall bonus outcome on a multiplicative basis	3.5%
Overall result	**–**	**55.6%**

Details of personal objectives	Achievement	Outcome
Portfolio (4%) – Streamline capital planning process aligning with thematic reviews	A complete re-plan/forecast for the Group following impact of pandemic was completed with a high level of accuracy. Major re-work of planning process was done, resulting in five-year business plan, and budget approved by the Board. A new planning system was introduced, allowing live scenario planning and reporting at Group level. A new capital planning system was introduced and utilised by all sites.	100%
Innovation (3%) – Secure increased capital structure flexibility across the Group	Successful execution of a multi-year strategy, with major progress achieved in 2020. Completion of $1 billion buyback programme.	100%
People (3%) – Delivery of key transformational work around workstreams of governance, performance reporting and organisational structure	Completed a major planning phase for Beyond Finance, with the first major roll-out of key initiatives. Standard Governance and policy frameworks were established; JSE compliance and sign-off preparations for Kumba Iron Ore and Anglo American Platinum were completed as required by JSE Sarbanes Oxley. Working capital project with optimal levels of working capital defined for all operations, working capital cost model delivered and live in capital evaluations. Global Shared Services commenced the Journey to Excellence programme and successfully operated remotely throughout the year. Interim and full year financial results completed remotely. Successful audit transition to PwC.	66%
Overall individual performance		**90%**

Tony O'Neill

	Percentage weighting	2020 outcome
Financial	50%	18.6%
SHE	20%	18.0%
Strategic	20%	12.0%
Personal	10%	9.0%
Total	**100%**	**57.6%**
Safety deductor	A percentage reduction from overall bonus outcome on a multiplicative basis	3.5%
Overall result	**–**	**55.6%**

Details of personal objectives	Achievement	Outcome
Portfolio (4%) – Venetia Underground: Progress transition from open-pit to underground operations. – Project delivery – Los Bronces Underground: finalise approach – Project delivery – Amandelbult modernisation – progress delivery	**Venetia Underground** A re-based mine plan was approved by the Board in September 2020, to enable early revenue production from the upper mine (the 'KO1P' Mine Plan). Additionally, a Project Director was appointed and the selection process of the Tier 1 contractors was completed. Work on the project will be ramped up in the first quarter of 2021. The overall project is tracking to plan, with good progress being achieved with top of mine development, shaft equipping and surface infrastructure. Bottom of mine development remains an area of focus, partly due to Covid-19. **Los Bronces Integrated Project** The environmental impact assessment for the Los Bronces Integrated Project is progressing according to schedule. **Amandelbult modernisation** Covid-19 severely impacted operations in 2020. However, strategy and design work progressed largely to plan and remains on track for completion by 2022. Embedding of Operating Model and redesign of work systems progressed, as well as implementation of cycle mining and continuous operations. Work is progressing to confirm the optimal size of the complex.	75%
Innovation (3%) – Deliver operating improvements from implementation of Operating Model, P101 initiatives and technology development	**Operating Model** Significant acceleration of site deployment programme, with 13 go-live milestones achieved in the fourth quarter of 2020. **P101 programme** Over $2 billion of improvements delivered against baseline, P101 configuration assessments completed for all priority sites; operational stability accelerator programme launched at priority assets in 2020. **Technology development** Bulk ore sorter (BOS) deployed at Mogalakwena; BOS at Los Bronces go-live planned for first half of 2021. Testing complete at Barro Alto and roll-out being finalised. El Soldado coarse particle recovery (CPR) demonstration plant construction completed in February 2021, with ramp up to plant operating at full capacity planned for June 2021. Full scale unit under-construction at Mogalakwena North, with commissioning expected in the fourth quarter of 2021. Quellaveco CPR deployment go-ahead agreed; CPR pre-feasibility under way at Minas-Rio.	100%
People (3%) – Delivery of Elimination of Fatalities workstreams as per 2020 plan	The Elimination of Fatalities programme remained on track through 2020. Seven work streams, including the three critical EOF programmes (see shared strategic performance table) progressed per plan. Minor delays in some work streams experienced due to Covid-19. Significant additional programmes rapidly developed and delivered globally during year, including health, safety protocols, supply chain and technology to protect lives in response to Covid-19 pandemic.	100%
Overall individual performance		**90%**

2018 LTIP award vesting (audited)

In 2018, Mark Cutifani, Stephen Pearce and Tony O'Neill received LTIP grants of 222,263, 133,952 and 138,914 conditional shares respectively, with vesting subject to:

- The Group's TSR performance relative to:
  i. Euromoney Global Mining Index
  ii. FTSE 100 constituents over the three-year period to 31 December 2020
- Group attributable ROCE in year to 31 December 2020
- Three year Group attributable FCF to 31 December 2020
- Site level sustainability strategy
- Concurrent rehabilitation of open cast mining operations.

TSR Performance over the three-year period was strong, with shareholders seeing a TSR of 71%, well above the FTSE 100 median TSR of (2.6)% and the Euromoney Global Mining Index TSR of 43.1%.

ROCE was 17%, delivering a partial payment. Attributable free cash flow at $(3.6) billion was due to higher working capital as a result of a temporary increase in inventory in 2020.

A sustainability measure required all sites to have a five-year site level strategy in place, which was achieved in full. The seedling rehabilitation goals were spread over three years to allow flexibility with changing business plans; goals were met in one of the three years resulting in 33% vesting for this element of the award. This resulted in an 80% total vesting against ESG measures.

As outlined above, the 2018 LTIP performance assessment resulted in an overall achievement of 83.8%. At an 83.8% vest and based on current share price, the cap on vesting value does not come into effect. At an 83.8% vesting level, the share price required for the cap to come into effect is £42.46.

Discretion

No adjustments were made to the LTIP targets or outcome.

Performance assessment for 2018 LTIP awards

Measure	Weighting	Threshold performance (25% vesting)	Stretch performance (100% vesting)	Actual performance	Vesting outcome
Euromoney Global Mining Index TSR	47%	Index performance (43.1%)	Index +6% p.a. (67.2%)	71.1%	100%
FTSE 100 constituents TSR	23%	Median TSR performance (-2.6%)	80th percentile TSR performance (30.9%)	71.1%	100%
Group attributable ROCE	10%	13%	23%	17.4%	58%
Accumulative free cash flow[1]	10%	$3.6 bn	$4.1 bn	$(3.6) bn	0%
Site level sustainability strategy	7%	All operations to have five-year site level strategy in place by 2020		Target met in full	100%
Concurrent rehabilitation of open cast mining operations	3%	Plan to be achieved in 1 of 3 years	Plan to be achieved in all 3 years	Partially met	33%

(1) 2018-2020 cumulative attributable free cash flow (AFCF) at fixed price and FX rates.

Total outcome of the 2018 LTIP including impact of the cap

	Numbers shares granted	Numbers shares vesting at 83.8%	Dividend equivalents on vested value	Value based on vesting at 83.8%[1]	Total value
Mark Cutifani (maximum opportunity 300% of salary)	222,263	186,256	£421,232	£4,004,693	£4,425,925
Stephen Pearce (maximum opportunity 300% of salary)	133,952	112,252	£253,865	£2,413,522	£2,667,387
Tony O'Neill (maximum opportunity 300% of salary)	138,914	116,410	£263,269	£2,502,926	£2,766,196

(1) 2018 LTIP vesting does not exceed the cap. Values based on the average share price for 1 October to 31 December 2020 of £21.50, value excludes dividend equivalents.

Restatement of value of 2017 LTIP

	Number of shares vesting	Dividend equivalents value	2019 estimated value[1] (ex dividends)	2019 estimated total value	Actual value of award at vesting[2]	Restated 2017 LTIP value
Mark Cutifani	339,001	£691,112	£6,866,390	£7,557,503	£6,586,444	£7,277,556
Stephen Pearce	204,307	£416,516	£4,138,197	£4,554,713	£3,969,480	£4,385,996
Tony O'Neill	211,876	£431,946	£4,291,499	£4,723,444	£4,116,532	£4,548,477

(1) 2019 estimated value uses three-month average share price up to 31 December 2019 of £20.25 as stated in the 2019 Annual Report.
(2) The share price on vesting was £19.43.

Outstanding LTIP awards

As explained in the 2016 Annual Report on Remuneration, the value that can be received from LTIP awards granted from 2017 to 2019 is limited to twice the face value at grant. The cap did not come into effect for the 2018 or 2017 LTIPs.

Pension (audited)

The pension contribution amounts in the table below should be read in conjunction with the following information:

- The total amounts of pension contributions treated as having been paid into the UURBS for Mark Cutifani, Stephen Pearce and Tony O'Neill are £336,497, £158,404 and £204,276 respectively
- Contributions treated as being paid into the UURBS earn a fixed return of 5.125%. The total return earned in 2020 was £59,015 for Mark Cutifani, £9,506 for Stephen Pearce, and £33,872 for Tony O'Neill
- As at 31 December 2020, the total balance due to executive directors in relation to the UURBS was £2,484,431. Retirement benefits can only be drawn from the UURBS if a member has attained age 55 and has left Group service.

Pension for 2020

	DC contribution (£'000)	Cash allowance (£'000)	UURBS contribution (£'000)	UURBS Notional Increase (£'000)	Total (£'000)
Mark Cutifani	£6.3		£336.5	£59.0	£401.8
Stephen Pearce		£42.4	£158.4	£9.5	£210.3
Tony O'Neill	£6.3	£3.2	£204.3	£33.9	£247.7

External directorships

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board. If approved, they may each retain the fees payable from only one such appointment.

In the year, Mark Cutifani retained fees for one external directorship, at Total S.A., amounting to €90,137 for 2020. Stephen Pearce retained fees for one external directorship, at BAE Systems plc, amounting to £108,750 for 2020.

Payments for past directors (audited)

In addition to retirement benefits, the company continues to provide five former executive directors with private medical insurance arrangements. The total annual cost to the company is £51,039. The Committee continues to meet these longstanding commitments, but no new commitments have been made during the year or will be made in future.

Payments for loss of office (audited)

The company did not make any payments for loss of office to directors during 2020.

Other director remuneration in 2020 (audited)

Non-executive director remuneration

The table below sets out the remuneration paid to the company's NEDs in 2020. Fees shown include any additional fees paid in respect of chairing or being a member of one of the Board's committees or acting as the senior independent director.

Role	Fee (£'000)
Chairman fee	700[1]
NED base fee	90
Senior independent director	30 (additional to base fee)
Chair of Audit, Remuneration or Sustainability committees	30 (additional to base fee)
Audit, Remuneration or Sustainability committee membership	15 (each committee membership)
Nomination committee membership	10

[1] Includes service on any Board committees

Single total figure of remuneration for non-executive directors

	Total fees 2020 £'000[5]	Benefits in kind 2020 £'000[6]	Total 2020 £'000[7]	Total fees 2019 £'000[8]	Benefits in kind 2019 £'000[6]	Total 2019 £'000
Non-executive directors						
Stuart Chambers	**700**	**7**	**707**	700	5	705
Ian Ashby	**145**		**145**	132		132
Marcelo Bastos[1]	**105**		**105**	77		77
Byron Grote	**175**		**175**	169		169
Hixonia Nyasulu[1]	**100**		**100**	15		15
Nonkululeko Nyembezi[2]	**115**		**115**			
Mphu Ramatlapeng[3]	**37**		**37**	101		101
Jim Rutherford[4]	**135**		**135**	126		126
Anne Stevens	**145**		**145**	139		139

[1] Marcelo Bastos and Hixonia Nyasulu were appointed during 2019; therefore, their 2019 values are part-year figures.
[2] Nonkulueko Nyembezi joined the Board on 1 January 2020, her 2020 fees are a full year figure.
[3] Mphu Ramatlapeng stepped down from the Board with effect from 5 May 2020.
[4] Jim Rutherford stepped down from the Board with effect from 31 December 2020.
[5] In 2020, all NEDs in office voluntarily donated 30% of their fees for three months to Covid-related charities and funds. The donated values are included in the disclosed fee figures above.
[6] Stuart Chambers' benefits in kind figure relates to the reimbursement of travel expenses during the year and the settlement of tax in relation to the reimbursement.
[7] Total is comprised only of fixed remuneration.
[8] 2019 NED fees were increased effective from 1 July 2019. There was no increase in fees during 2020.

Scheme interests granted during 2020 (audited)

The table below summarises the BSP and LTIP share awards granted to executive directors during 2020.

The BSP award granted in 2020 was granted in the form of forfeitable shares and is included in the applicable total annual bonus values as set out in the applicable single-figure table.

The LTIP is granted in the form of conditional shares and vesting is dependent on the Group's performance over 2020-2022 based on the performance metrics detailed.

Summary of conditional share awards and options granted in 2020

Type of award	Performance measure	Vesting schedule	Performance period end	Director	Basis of award	Number of shares awarded	Face value at grant[1]
Bonus Share Plan	–	–	–	Mark Cutifani	60% of bonus	54,146	£981,829
				Stephen Pearce	60% of bonus	33,150	£601,109
				Tony O'Neill	60% of bonus	34,378	£623,376
LTIP share awards	TSR vs. Euromoney Global Mining Index (33%)	25% for TSR equal to the Index; 100% for the Index +6% p.a or above	31/12/2022	Mark Cutifani	300% of salary	226,879	£4,113,997
				Stephen Pearce	300% of salary	136,734	£2,479,398
				Tony O'Neill	300% of salary	141,799	£2,571,241
	TSR vs. FTSE 100 constituents (17%)	25% for TSR equal to median; 100% for 80th percentile or above					
	Balanced Scorecard 50%	ROCE (15%) 25% for 12%; 100% for 20%					
		SAFCF (15%)					
		Energy efficiency (6%) 25% for 4% improvement in energy efficiency by 2022 100% for 10% improvement					
		GHG intensity (6%) 25% for 5% improvement in GHG intensity by 2022 100% for 15% improvement					
		Tailings facilities (8%) 100% for 100% implementation of the Anglo American Standard on tailings, across all Group tailings facilities					

(1) The face values of the BSP and LTIP awards have been calculated using a grant share price of £18.13. This share price has been calculated based on the three-day average closing share prices between 4 March 2020 and 6 March 2020. As receipt of the LTIP awards is conditional on performance, the actual value of these awards may be nil. Vesting outcomes will be disclosed in the remuneration report for 2022.

Total interests in shares (audited)

The table below summarises the total interests of the directors (including any share interests held by connected persons) in shares of Anglo American plc as at 31 December 2020. These include beneficial and conditional interests.

Executive director shareholding requirements

As per the 2020 remuneration policy, the executive director shareholding guidelines were strengthened, with Mark Cutifani being expected to hold interests in shares to a value of four times basic salary (built up over five years), and Stephen Pearce and Tony O'Neill being expected to hold shares to a value of three times salary. For the purposes of calculating progress against the shareholding requirement, incentive shares with performance conditions are not included, while BSP shares are included on a net of tax basis.

At the date of preparation of this report, all executive directors have met their shareholding requirements, Mark Cutifani has net shareholdings (including Bonus Shares) equal to 1,790% of basic salary, 848% for Stephen Pearce and 1,457% for Tony O'Neill, calculated using the average share price between 1 October and 31 December 2020 of £21.50.

Differences from 31 December 2020 to 24 February 2021

Mark Cutifani's, Stephen Pearce's and Tony O'Neill's interests increased by 20, 22 and 22 shares respectively during the period between 31 December 2020 to 24 February 2021, as a result of the acquisition of shares under the SIP. Their total holdings therefore increased to 1,911,811; 769,823; and 1,064,771 respectively. There have been no other changes in the interests of the directors in shares between 31 December 2020 and 24 February 2021.

Shares in Anglo American plc at 31 December 2020

				Conditional (no performance conditions)		Conditional (with performance conditions)	Total
Directors	Beneficial	Within a holding period	BSP Bonus Shares	SIP	SAYE	LTIP	Total
Mark Cutifani	526,266	475,698	256,164	4,113	1,212	648,338	1,911,791
Stephen Pearce	107,764	160,100	106,832	1,474	2,895	390,736	769,801
Tony O'Neill	219,813	270,987	164,817	2,463	1,459	405,210	1,064,749
Stuart Chambers	12,508	–	–		–	–	12,508
Ian Ashby[(1)]	2,180	–	–		–	–	2,180
Marcelo Bastos	1,475	–	–		–	–	1,475
Byron Grote[(1)]	40,896	–	–		–	–	40,896
Hixonia Nyasulu	1,455	–	–		–	–	1,455
Nonkululeko Nyembezi	1,032	–	–		–	–	1,032
Anne Stevens	2,122	–	–		–	–	2,122
		–					
Former directors							
Mphu Ramatlapeng[(2)]	7,361	–	–		–	–	7,361
Jim Rutherford[(3)]	45,000	–	–		–	–	45,000

(1) Included in the beneficial interests of Ian Ashby and Byron Grote are shares held via unsponsored ADRs.
(2) Mphu Ramatlapeng stepped down from the Board with effect from 5 May 2020; her interests are shown at that date.
(3) Jim Rutherford stepped down from the Board with effect from 31 December 2020; his interests are shown at that date.

Fairness

Introduction

For 2020, to reflect the importance of the principles of fairness and transparency, we have introduced a dedicated section to the remuneration report incorporating disclosures that demonstrate the Committee's belief that our remuneration structures are appropriate.

The Committee takes into account a wide range of internal and external considerations when making decisions on executive remuneration, including engaging with relevant stakeholders. During the year, our senior independent director Byron Grote led the Global Workforce Advisory Panel in gathering views of employees on a broad range of issues; executive remuneration was not raised as an issue in 2020.

During 2020, we welcomed new colleagues stemming from the acquisition of Sirius Minerals Plc (now our Crop Nutrients business). Work is still being undertaken to integrate them into the Anglo American remuneration framework, as such this population has been excluded from some of the disclosures in this section.

Cascade of pay elements through employee population

The following table represents the cascade of our remuneration elements across our UK employee population. Please note employees of our Crop Nutrients business are not currently aligned to this remuneration structure as work is still ongoing in integrating them into the Anglo American remuneration framework.

Population	Remuneration element	Details
All UK employees	Salary	Salaries are determined based on the role and market rates; regular benchmarking exercises are taken to ensure salaries remain competitive against the market. We are an accredited Living Wage employer and all employees are paid at least the Real Living Wage.
	Pension	All employees are able to participate in the company's Defined Contribution scheme.
	Benefits	All employees are eligible to participate in our range of benefits ranging from private medical coverage, occupational health services (including Covid-19 testing), and life assurance to a range of well-being and shopping benefits.
	SAYE	All employees are eligible to participate in the company's SAYE scheme, which encourages employee share ownership and the opportunity to share in the value created in the company.
	SIP	All employees who have been in employment for three months or more are eligible to participate in the company's SIP scheme of partnership and matching shares. The company matches the number of partnership shares bought on a 1:1 basis.
	Annual Bonus	Our UK workforce (excluding interns) are eligible to participate in our annual bonus scheme. Performance for the bonus is determined on a team basis, ensuring that everyone is working towards the company's collective goals.
Management and senior management	LTIP	LTIP performance measures for the management population are the same as those for the executive directors, providing alignment in the goals everyone is working towards. The LTIP ensures the focus of the decision-making population is on long term value creation.
Executive directors and GMC members	Shareholding requirements	The executive director shareholding requirements were further strengthened in our 2020 remuneration policy, ensuring greater alignment with interests of shareholders. GMC members are also now subject to a shareholding requirement.

Our key SHE and ESG commitments flow through to the incentives for all eligible employees. The annual bonus scheme outcomes for all eligible employees are determined by team based goals that include SHE measures, financial metrics and critical strategic measures. All eligible employees are incentivised to work collectively on key priorities, including the environmental commitment to develop a roadmap to carbon neutrality, and are subject to the safety deductor. The long term incentive plan awards granted to management and senior management includes the performance measures applicable to our executive directors, which for 2021 includes ESG measures relating to reducing GHG emissions, tailings facilities and livelihoods.

Gender pay gap

Introduction

The UK Gender Pay Gap reporting requirement is a regulation under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 that is designed to provide public transparency in relation to the difference between men's and women's earnings, on average, within a company.

This regulation came into effect on 6 April 2017 and all UK registered employers that employ 250 or more people in Great Britain are required to disclose the specifically defined information by 4 April 2021. The source data for the required information must be at the 'snapshot date' of 5 April 2020.

Anglo American Services (UK) Limited is the UK company that employs the majority of Anglo American's UK workforce and is predominantly engaged in the provision of head office corporate services to Anglo American's global operations. The following sets out the information required by the UK regulation for Anglo American Services (UK) Limited, as at 5 April 2020.

Anglo American is confident that it complies with the UK's Equal Pay legislation, which governs the right to equal pay between men and women for equal work.

Summary

Our mean UK hourly pay gap of 47% is primarily a function of the representation of men in the most senior management roles in our UK head office, as shown most clearly in the quartile analysis. On a global basis[1], our gender pay gap of 17.9% reflects the far greater balance across the full breadth of our business activities.

[1] Weighted average gender pay gap of the guaranteed pay of those employees in Australia, Brazil, Chile, Singapore, South Africa and the UK who are subject to the Anglo American Groupwide reward structures

Hourly pay

Anglo American is a global mining business, headquartered in the UK, and the majority of the senior leadership team is UK-based. The gaps shown below are largely attributable to the fact that more men than women are working in more highly paid, senior roles.

At the snapshot date of 5 April 2020, Anglo American Services (UK) Ltd had a UK workforce of 280 employees:

- Of this population, 46% were men and 54% were women
- Although there has been a significant improvement year-on-year, the senior management population was made up of a substantially higher proportion of men (73%) than women (27%)
- Leading to a 47% mean and 36% median UK hourly pay gap (2019: 50% mean and 38% median).

Hourly pay gap ratios

The table below ranks Anglo America Services (UK) Ltd's 280 UK employees' hourly pay from lowest to highest and then splits the number of employees into equally sized groups.

Reflecting the hourly pay gap described above, the information below shows that there has been a slight deterioration year-on-year in the upper quartile, where the percentage of women decreased from 34% to 30%; however, the percentage of women in the upper middle quartile increased from 40% to 47%. Proportionally, there remain more male employees than female employees in the higher pay quartiles.

Hourly pay quartiles

Hourly pay quartiles	2020 Percentage males in Quartile	2020 Percentage females in Quartile	2019 Percentage males in Quartile	2019 Percentage females in Quartile
Lower	**19**	**81**	19	81
Lower Middle	**41**	**59**	43	57
Upper Middle	**53**	**47**	60	40
Upper	**70**	**30**	66	34

Bonus pay gap

Anglo American's UK performance pay schemes operate irrespective of gender, with the majority of UK employees eligible to receive variable bonus pay during the year. In 2020, 84% of male and 81% of female employees received a bonus, with the difference relating to there being more women than men in junior roles that do not receive bonuses. The population that does not receive a bonus is formed of interns and employees who joined the company after 1 October 2019.

The factors driving the bonus pay gap are the same as for the hourly pay gap, being the imbalanced gender composition across the more senior roles in our UK headquarters. Variable performance pay structures for the most senior employees differ from those of the wider workforce, thereby further widening the gap. The increase in the mean bonus pay gap for 2020 was anticipated, owing to the share component of the 2017 bonus (which reflected the continued lower share price experienced in early 2017) vesting in March 2020. We expect to see this bonus pay gap reduce as the proportion of female employees in more senior roles continues to increase.

Progress in 2020 and our commitment for the future

We have been working to address the challenges of the long-standing gender imbalance within our industry, most evident at senior levels. We are making considerable progress, including by reinforcing a more inclusive working culture that enables everyone to thrive and through focusing on areas such as recruitment, talent development, mentoring and apprentices.

Across our global business, we are aligned to the Hampton-Alexander recommendations to achieve 33% female representation across our Executive Committee and those that report to it, which we target to achieve by 2023. By the end of 2020, female representation had increased to 27% in this population from 24% in 2019. By building on what we have achieved so far, we are confident that we will continue to attract a diverse pool of talent to support our commitment to purpose-led high performance.

The Remuneration Committee continues to critically review our pay structures to make sure that they are inclusive for our whole employee population and we take this responsibility very seriously.

Remuneration disclosures

Ten-year remuneration and returns

The TSR chart shows the Group's TSR performance against the performance of the FTSE 100 index from 1 January 2011 to 31 December 2020. The FTSE 100 index was chosen as this is a widely recognised broad index of which Anglo American has been a long term constituent.

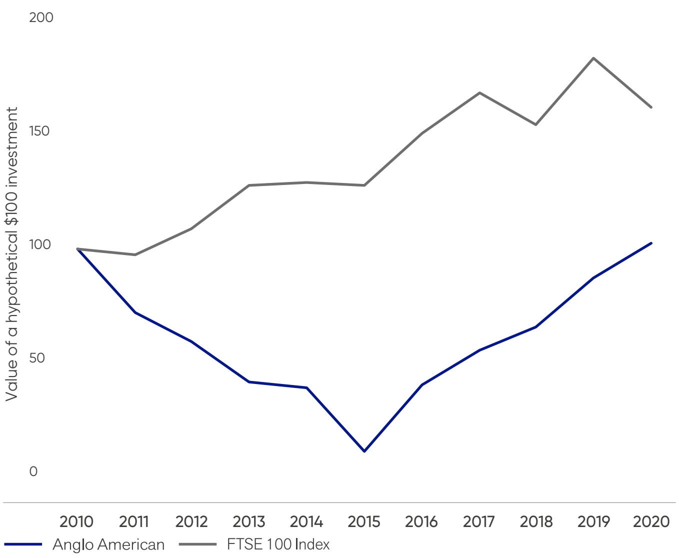
The TSR performance since 2013, when the current chief executive took office, versus the FTSE 100 index is positive.

TSR is calculated in US dollars, and assumes all dividends are reinvested. The TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

The table opposite shows the total remuneration earned by the incumbent chief executive over the same 10-year period, along with the proportion of maximum opportunity earned in relation to each type of incentive.

The total amounts are based on the same methodology as for the single figure table for executive directors on page 133 of this report.

Ten-year TSR performance



Source: Datastream

Ten year CEO remuneration

Financial year ending	31 December, 2011	31 December, 2012	31 December, 2013	31 December, 2014	31 December, 2015	31 December, 2016	31 December, 2017	31 December, 2018	31 December, 2019	**31 December, 2020**
Cynthia Carroll										
Total remuneration (single figure, £'000)	8,113	3,203	1,462	–	–	–	–	–	–	–
Annual bonus (% of maximum)	94%	35%	67%	–	–	–	–	–	–	–
LTIP (% of maximum)	96%	50%	28%	–	–	–	–	–	–	–
BSP Enhancement Shares (% of maximum)	100%	0%	0%	–	–	–	–	–	–	–
Mark Cutifani										
Total remuneration (single figure, £'000)	–	–	5,305	3,725	3,462	3,996	6,693	15,636	10,745[1]	**7,819**
Annual bonus (% of maximum)	–	–	65%	60%	36.5%	87.5%	76.9%	63.4%	58%	**54.6%**
LTIP (% of maximum)	–	–	–	–	50%	0%	50%	100%	92.5%	**83.8%**

[1] Please note that 2019 total remuneration figure has been restated in line with the changes in approach to calculating the CEO's single figure number, as outlined in notes 3 and 4 for the single figure table on page 133.

CEO pay ratio

The table shows our CEO pay ratio for 2020 based on our total UK population, and the methodology used to for the calculation. At 105:1, the CEO pay ratio at the median is lower than the median ratio of 133:1 in 2019 and 191:1 in 2018. There are two primary drivers of this outcome:

- The CEO's total remuneration has fallen from £10.75 million to £7.82 million. This is largely due to the decrease in the vesting of the 2018 LTIP award which fell from 92.5% to 83.8% and was granted over a much lower number of shares in comparison to the number granted in 2017
- The 2020 calculation includes employees from our newly acquired Crop Nutrients business which has a greater proportion of operational roles compared to the rest of Anglo American's UK employees. As such, the average remuneration levels for employees of the Crop Nutrients business is lower than for other UK Anglo American employees.

On a like-for-like basis, excluding the Crop Nutrient business, employee population from the analysis, the ratio falls to 95:1. This demonstrates a continued declining trend in the CEO pay ratio.

As for previous years and in line with our executive director remuneration strategy, our CEO pay comprises a higher proportion of incentive pay compared to the wider employee population. This will likely remain the key driver of fluctuations in the ratio from year to year.

Option A has been used to calculate the ratio, being the most comprehensive methodology of the three prescribed methods. This methodology uses the full-time equivalent pay and benefits data for all UK employees during the year and compares the single figure number for employees at the 25th, 50th and 75th percentiles against the CEO at the snapshot date of 31 December 2020, the last day of the financial year.

Please note, the methodology for the calculation of each employee's single figure number has been updated in line with the changes in approach to calculating the single figure number as outlined in notes 3 and 4 for the single figure table on page 133.

The salary, benefits and share plan data has been taken on a full-time equivalent basis; however the annual bonus amounts have been taken on an estimated basis. All other elements were calculated in line with the methodology used for the chief executive.

The employee at the 50th percentile does not participate in a long term incentive plan and does not receive all benefits applicable to the chief executive. Therefore, the ratio is not a direct comparison with the total remuneration of the chief executive. Having reviewed the reasons for the change in the median pay ratio, the company is satisfied that the ratio is appropriate.

Financial year ending	Method used	25th percentile	Median percentile	75th percentile
2020	**Option A**	**157:1**	**105:1**	**62:1**
2020 excluding Crop Nutrients business	**Option A**	**149:1**	**95:1**	**45:1**
2019[1]	Option A	205:1	133:1	60:1

	Salary			Total remuneration		
CEO pay ratio	**2020**	**2020 ex CN**	2019[1]	**2020**	**2020 ex CN**	2019[1]
25th percentile employee	**£45,039**	**£40,800**	£41,706	**£49,805**	**£52,335**	£52,301
Median percentile employee	**£64,080**	**£59,776**	£54,810	**£74,193**	**£82,048**	£80,811
75th percentile employee	**£91,350**	**£78,000**	£108,200	**£126,812**	**£173,877**	£178,416

[1] 2019 numbers have been restated in line with the changes in approach to calculating the single figure number as outlined in notes 3 and 4 for the single figure table on page 133.

Change in directors' remuneration compared to UK employees

The table opposite sets out the directors' basic salary, benefits and annual bonus amounts for 2020 and the year-on-year change. We show the average change in each element for UK-based Anglo American Services (UK) Ltd employees below GMC level (this excludes De Beers and Crop Nutrients business employees). This population is being used, as Anglo American plc does not have any employees. The chosen population is considered to be the most relevant employee comparator group given the Groupwide nature of roles performed at the corporate head office. Please note, this population does not include employees who joined Anglo American as part of the Sirius Minerals Plc acquisition.

		2020 Salaries/fees[1]	2020 Benefits[2]	2020 Bonus
Executive directors				
Mark Cutifani	£'000	1,371	41	1,574
	% change	2%	7%	(4%)
Stephen Pearce	£'000	826	37	965
	% change	2%	(5%)	(4%)
Tony O'Neill	£'000	857	38	1,001
	% change	2%	12%	(4%)
Non-executive directors				
Stuart Chambers[3]	£'000	700	7	0
	% change	–%	46%	–%
Ian Ashby	£'000	145	0	0
	% change	10%	–%	–%
Marcelo Bastos[4]	£'000	105	0	0
	% change	2%	–%	–%
Byron Grote	£'000	175	0	0
	% change	4%	–%	–%
Hixonia Nyasulu[4]	£'000	100	0	0
	% change	11%	–%	–%
Nonkululeko Nyembezi[5]	£'000	115	0	0
	% change	–%	–%	–%
Anne Stevens	£'000	145	0	0
	% change	4%	–%	–%
UK employees	£'000	106	19	92
	% change[6]	5%	11%	7%

[1] There was no increase in NED base or committee fees in 2020; the increase is due to an increase in fees from July 2019.
[2] Benefits for UK employees comprise of pension and car allowances (where applicable), these being the most material.
[3] Stuart Chambers' benefits in kind figure relates to the reimbursement of travel expenses during the year and the settlement of tax in relation to the reimbursement.
[4] Marcelo Bastos and Hixonia Nyasulu joined the Board part way through 2019; their 2019 full year equivalent fees have been included for comparability.
[5] Nonkululeko Nyembezi joined the Board on 01 January 2020; no change is calculable for 2020.
[6] Annual salary increase was 2% for UK employees; the 5% increase includes pay increases from promotions. This also results in increases in bonus and benefit levels.

Distribution statement for 2020

The table opposite sets out the total expenditure on employee reward over 2020, compared to profit generated by the company and the dividends received by investors. Underlying earnings are shown, as this is one of the Group's key measures of performance, while employee numbers help put the payroll costs of employees into context.

Distribution statement		2020	2019
Underlying earnings[1]	$m	**3,135**	3,468
	% change	**(10)**	7
Dividends payable for year to company shareholders	$m	**904**	1,422
	% change	**(36)**	10
Dividends payable for year to non-controlling interests	$m	**810**	759
	% change	**7**	(13)
Payroll costs for all employees	$m	**3,365**	3,467
	% change	**(3)**	(1)
Share buybacks	$m	**223**	777
	% change	**(71)**	
Employee numbers	'000	**64**	63
	% change	**2**	(2)

[1] See page 164 for details on how underlying earnings are calculated.

2020 AGM shareholder voting

Vote	For	Against	Abstain
		Number of votes	
2019 Annual Report on Remuneration	896,122,440 (93.99%)	57,250,375 (6.01%)	8,398,677
2020 Remuneration Policy	911,402,369 (95.61%)	41,886,673 (4.39%)	8,482,628
Anglo American Long Term Incentive Plan 2020	929,104,772 (96.93%)	29,401,727 (3.07%)	3,265,171.00
Anglo American Bonus Share Plan 2020	938,727,130 (99.54%)	4,314,990 (0.46%)	18,729,550

External advisers and fees

Advisers		Fees for committee assistance
Mercer Kepler	Appointed as interim external advisers to the Committee, Mercer Kepler provided support and advice on development of the new remuneration policy, as well as information on market trends and developments. In addition, Mercer Kepler provided specialist valuation services and market remuneration data. Services were provided up to November 2020, after which Deloitte was appointed as the Committee's external remuneration adviser.	£46,966
Deloitte LLP	Appointed as external advisers to the Committee from November 2020. Support during 2020 includes provision of market update and support for the December 2020 committee meeting. **Other services provided to the company** Corporate tax advisory services, risk advisory services, financial transformation advisory services, financial advisory services in relation to mergers and acquisitions and capital restructuring.	£19,000
PwC LLP	In its capacity as Group external auditor, PwC undertakes an audit of the relevant sections of the report annually. However, it provides no advice to the Committee.	n/a

Directors' service agreements

The executive directors are employed under service agreements which are rolling contracts with no fixed term. The chief executive and finance director have service agreements that may be terminated by either side by giving not less than 12 months' notice. The technical director is employed under a service agreement that may be terminated by either side by giving not less than six months' notice. The dates of the executive directors' service agreements are set out below.

	Date of appointment
Mark Cutifani	3 April 2013
Stephen Pearce	24 April 2017
Tony O'Neill	22 July 2015

The chairman and NEDs are appointed by the company under letters of appointment and do not have service contracts or contracts for service. All NEDs are expected to serve for an initial period of three years, subject to annual re-election by shareholders at the AGM. NEDs are typically expected to service two three-year terms, although the Board may invite them to serve for an additional period. The appointment of the chairman may be terminated by either side by giving not less than six months' notice. All other NEDs have a notice period of not less than one month from either side. The dates of each NED's original appointment are set out below.

	Date of appointment
Stuart Chambers	1 September 2017
Ian Ashby	25 July 2017
Marcelo Bastos	1 April 2019
Byron Grote	19 April 2013
Hixonia Nyasulu	1 November 2019
Nonkululeko Nyembezi	1 January 2020
Mphu Ramatlapeng(1)	8 July 2013
Jim Rutherford(2)	4 November 2013
Anne Stevens	15 May 2012

(1) Stepped down from the Board on 5 May 2020
(2) Stepped down from the Board on 31 December 2020

Remuneration Committee in 2020

Membership
The Committee comprised the independent NEDs listed on page 123 as at 31 December 2020.

External advisers to the Committee
The table above details the external advisers to the Committee and the fees paid for services provided during 2020. During the year, the Committee undertook the search for a new external adviser following PwC's appointment as auditors in 2019. The Committee considered proposals and attended presentations from several prospective firms but chose Deloitte on the basis of the quality of their proposal and the capabilities they are able to offer.

The fees for external advisers are charged on a time and expenses basis and are in accordance with the terms and conditions set out in each relevant engagement letter. Mercer Kepler is a signatory of the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). Deloitte is one of the founding members of the Remuneration Consulting Group.

The Committee is satisfied that the Deloitte engagement team, which provides remuneration advice to the Committee, does not have connections with Anglo American plc or its directors that may impair its independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Approval

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors.

Anne Stevens
Chair, Remuneration Committee

24 February 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Integrated Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

for the year ended 31 December 2020

The directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and parent Company's position and performance, business model and strategy.

We confirm that, to the best of our knowledge:

- The Group financial statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the parent Company
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

24 February 2021

Financial statements and other financial information

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Report on the audit of the financial statements

Opinion

In our opinion:

- Anglo American plc's Group financial statements and parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Integrated Annual Report (the "Annual Report"), which comprise: the Consolidated and parent Company balance sheets as at 31 December 2020; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 39 to the Group financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

Other than those disclosed in note 37 to the financial statements, we have provided no non-audit services to the Group in the period under audit.

Our audit approach

Context

The context of our audit is set by 2020 being our first year as external auditors of the Group. As part of our audit transition, we performed specific procedures over opening balances by shadowing the prior year audit undertaken by the predecessor auditor, reviewing the predecessor auditor working papers in the UK and in each of the countries in scope of the Group audit, and re-evaluating the predecessor auditor's conclusions in respect of key accounting judgements in the opening balance sheet at 1 January 2020.

We performed process walkthroughs to understand and evaluate the key financial processes and controls across the Group and, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, a review of the half year financial information. Following this work, we performed early audit procedures in advance of the year-end (otherwise known as our pre year-end audit work) in each of the Group's controlled in-scope locations. The objective of the pre year-end audit work was to ensure that each of our teams was appropriately orientated and able to decide what work needed to be done when and where at year-end, to enable early consideration of as many key accounting judgements as possible before the year-end and to identify any businesses or specific areas where additional audit attention might be required at year-end.

The audit transition, half year review and pre year-end audit work were important in determining our final 2020 Group audit scope and areas of focus. As we undertook each phase of this first year audit, we regularly updated our risk assessment to reflect audit findings, including our assessment of the Group's control environment and the impact on our planned audit approach.

As a result of the impact of Covid-19, certain countries were placed under restrictive government lockdowns for part of our audit transition and the duration of our 2020 audit, which impacted the way we conducted our work, with more procedures being performed remotely and additional work being performed to address the requirements of ISA (UK) *500 Audit Evidence*. The impacts of the pandemic, both from a financial reporting perspective and as it related to delivering the audit largely remotely, were continuously re-evaluated throughout the year, including the impact of the pandemic on our risk assessment which was regularly updated to reflect our audit findings from each stage of our work.

Overview

Audit scope

- Our audit included full scope audits or specified procedures at each of the Group's in-scope business units, joint ventures and associates ("components").
- Taken together, the components at which audit work was performed accounted for 97% of consolidated revenue, 92% of consolidated profit before tax and 92% of consolidated profit before tax, special items and remeasurements.

Key audit matters

- Assessment of impairment and impairment reversals for intangible assets, property, plant and equipment, investments in associates and joint ventures (Group) and investments in subsidiaries (parent Company)
- Recoverability of deferred tax assets in Brazil (Group)
- Provisions for environmental restoration and decommissioning (Group)
- Fair value allocation of the purchase price in respect of the acquisition of Sirius Minerals Plc (Group)
- Covid-19 (Group and parent Company)

Materiality

- Overall Group materiality: $200 million based on approximately 3.3% of the Group's three year average consolidated profit before tax, special items and remeasurements
- Overall parent Company materiality: $80 million which represents less than 1% of total assets
- Performance materiality: $150 million (Group) and $60 million (parent Company)

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with environmental regulations, health and safety regulations and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, Internal Audit and the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Understanding and evaluating controls designed to prevent and detect irregularities and fraud
- Assessing significant judgements and estimates in particular those relating to impairment, deferred taxes and environmental and decommissioning provisions, and the disclosure of these items (and as outlined further in the 'Key audit matters' section of this report)
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment and impairment reversals for intangible assets, property, plant and equipment, investments in associates and joint ventures (Group) and investments in subsidiaries (parent Company)	
As at 31 December 2020, the Group has intangible assets of $3,103 million (2019: $3,086 million), property, plant and equipment of $36,419 million (2019: $34,201 million) and investments in associates and joint ventures of $1,258 million (2019: $1,333 million). Impairment charges to all these asset categories have been recognised in previous years. The determination of whether an impairment or impairment reversal trigger exists can be judgemental. Management must determine the recoverable amount when impairment indicators or indicators of impairment reversal are identified. The Group has goodwill of $1,963 million as at 31 December 2020 (2019: $1,981 million), predominantly associated with the De Beers business unit. Goodwill is required to be tested for impairment at least annually. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires judgement and estimation on the part of management in identifying and then determining the recoverable amounts for the relevant cash-generating units ("CGUs"). Recoverable amounts are based on management's view of key value driver inputs and external market conditions such as future commodity prices, the timing and approval of future capital and operating expenditure, and the most appropriate discount rate. Estimation uncertainty is considered to have increased this year as a result of the Covid-19 pandemic and increased market volatility as a result.	For all material finite-lived intangible assets, property, plant and equipment and investments in associates and joint ventures we undertook the following to test management's assessment for indicators of impairment/impairment reversal: – understood and evaluated management's processes and controls in respect of the impairment assessment process; – assessed the appropriateness of management's identification of the Group's CGUs; and – evaluated and challenged management's assessment and judgements in respect of impairment/impairment reversal indicators, including ensuring that the impact of Covid-19, climate change and recent commodity price and foreign exchange volatility were appropriately included and considered in management's impairment trigger assessment and conclusions.

Key audit matter	How our audit addressed the key audit matter
The CGUs where impairment triggers were identified in the year include: Barro Alto (Nickel and Manganese), De Beers (Diamonds), Moranbah-Grosvenor (Coal), Dawson (Coal), Goedehoop (Coal), Khwezela (Coal), Butsanani (Coal), Isibonelo (Coal), El Soldado (Copper) and Cerrejón (Coal). As triggers for impairment/impairment reversals were identified in respect of these CGUs, management prepared a detailed cash flow model on a FVLCD basis to estimate the recoverable amount. Management's analysis determined that impairment losses had occurred, amounting to $589 million at Barro Alto and $149 million in relation to South African thermal coal CGUs. Management also recorded further impairment charges in relation to specific assets at Moranbah-Grosvenor (Coal) of $100 million, the Group's share of impairments of $72 million at Samancor (Nickel and Manganese) and other assets of $42 million. Refer to notes 7 and 8 for management conclusions and the Audit Committee's views. At 31 December 2020, the parent Company holds investments in subsidiaries amounting to $31,651 million (2019: $30,876 million). Investments in subsidiaries are accounted for at historical cost less accumulated impairment. Judgement is required to assess if impairment triggers exist and where triggers are identified, if the investment carrying value is supported by the recoverable amount. In assessing for impairment triggers, management considers if the underlying net assets of the investment support the carrying amount and whether other facts and circumstances, including impairments recorded in the Group financial statements, would be indicative of a trigger. Based on management's assessment, no impairment triggers in respect of the carrying value of investments in subsidiaries were identified at the balance sheet date. Refer to note 1 of the parent Company's accounts.	Specifically, for each CGU where triggers for impairment or impairment reversals were identified, and in respect of the De Beers CGU where an annual goodwill impairment test was required, management prepared a detailed cash flow model on a FVLCD basis to estimate the recoverable amount. Our procedures in respect of each model included: – verifying the integrity of formulae and the mathematical accuracy of management's valuation models; – consideration of the impact of the latest life of mine plan assumptions and ensuring that the valuation model reflected the latest plans. This included assessing the competence and objectivity of management's internal technical experts in preparing the plan; – assessing the reliability of management's forecast capital and operating expenses with reference to comparing budgeted results to actual performance in prior periods. Where we identified significant shortfalls against budget in prior years, this informed our determination of sensitivities to apply as we formed our independent view about reasonable downside scenarios; – with the support of our valuations experts, assessing the discount rate used in each model and whether it fell within a reasonable range taking account of external market data. Where it did not, we applied our independent view of a more appropriate rate to management's forecast. Our assessment of discount rates also included consideration of country and asset specific risks and challenging management to ensure that these had been appropriately captured in either the discount rate or underlying cash flow forecasts; – benchmarking management's forecast commodity price and foreign exchange assumptions against our own collated consensus data to assess whether they fell within an external analyst range. Specially in respect of De Beers, we engaged our economics experts to challenge and assess the appropriateness of the methodology and assumptions used in deriving forecast diamond prices; – challenged and verified that the cash flow forecasts appropriately captured and considered the impact of carbon emissions on price, mine plan costs and cost of capital where material; – based on the procedures above, we satisfied ourselves that management's calculation of any impairment loss recorded was correctly calculated; and – we assessed whether the assumptions had been determined and applied on a consistent basis, where relevant, across the Group. Furthermore, we considered the increased estimation uncertainty as a result of Covid-19 and challenged management as to how this had been incorporated into the assumptions and forecast cash flows. As a result of our work, we determined that the impairment charges recorded are appropriate and that adequate disclosures have been made in the financial statements. In respect of investments in subsidiaries in the parent Company, we undertook the following to test management's assessment for indicators of impairment: – evaluated and challenged management's assessment and judgements, including ensuring that consideration had been given to the results of the Group's impairment assessment in respect of intangible assets and property, plant and equipment; – verified the mathematical accuracy of management's assessment and that the net assets of the subsidiaries being assessed agreed to the respective subsidiary balance sheet at 31 December 2020; and – independently performed an assessment of other internal and external impairment triggers, including considering the market capitalisation of the Group with reference to the carrying value of investments in subsidiaries in the parent Company to identify other possible impairment indicators. As a result of our work, we are satisfied that management's assessment is appropriate and that there are no indicators of impairment in respect of the carrying value of the parent Company's investments in subsidiaries at 31 December 2020.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Recoverability of deferred tax assets in Brazil (Group)</td></tr>
<tr><td>The recognition and measurement of certain of the Group's deferred tax assets requires management judgement and is a key area of audit effort due to the complexity of tax regulations across the jurisdictions where the Group operates and the likelihood of realisation of these assets. The expectation that these assets will be realised is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilisation of the assets.

At 31 December 2020, gross deferred tax assets recognised by the Group amounted to $2.9 billion (2019: $2.7 billion) with the most significant asset related to Minas-Rio ($1.5 billion). Deferred tax assets have not been recognised on temporary differences of $11.9 billion at 31 December 2020 (2019: $10.8 billion). As the Minas-Rio mine does not have a sustained history of taxable profits, management view that there is greater uncertainty regarding longer term taxable forecast profits. The recognition of deferred tax in Brazil is further complicated as a consequence of the Brazilian corporate tax returns being filed in a different currency to the accounting functional currency which generates further deferred tax balances.

Refer to notes 7 and 16 for management conclusions and the Audit Committee's views.</td><td>We understood and evaluated management's processes and controls in respect of assessing the recoverability of deferred tax assets.

At both a Group and component level, we assessed the appropriateness and measurement of the Brazil deferred tax asset recognised through discussions with the Group's tax function, review of supporting documentation and assessing the recoverability of the deferred tax assets.

In respect of the recoverability of deferred tax assets, we evaluated management's assessment as to whether there were sufficient taxable profit forecasts to support the recognition of the deferred tax assets. We evaluated management's future cash flow forecasts, including comparing budgeted results to actual performance in prior periods and the process by which they were prepared ensuring consistency of cash flows with those used for the purpose of impairment testing. Based on our procedures, we observed that future cash flow forecasts were consistent with those used for impairment testing and supported the recoverability of the deferred tax assets recognised. We further challenged the underlying model used to calculate the deferred tax asset including verifying the integrity of formulae, the mathematical accuracy of management's model and that the calculation of the model resulted in an outcome in compliance with IAS 12 Income Taxes.

Based on the procedures performed, we are satisfied that management's forecast taxable profits support the recognition of deferred tax assets in Brazil and the related disclosures in the financial statements are appropriate.</td></tr>
<tr><td colspan="2">Provisions for environmental restoration and decommissioning (Group)</td></tr>
<tr><td>The Group has provisions for environmental restoration and decommissioning of $2,953 million as at 31 December 2020 (2019: $2,254 million).

The calculation of these provisions requires management to estimate the quantum and timing of future costs, taking into account the unique nature of each site, the long timescales involved and the potential associated obligations. These calculations also require management to determine an appropriate rate to discount future costs to their net present value.

Management reviews the close-down, restoration and environmental obligations on an annual basis, using experts to provide support in its assessment where appropriate. This review incorporates the effects of any changes in local regulations and management's anticipated approach to restoration and rehabilitation.

Refer to note 15 for management's conclusions and the Audit Committee's views.</td><td>We assessed management's process for the review of environmental restoration and decommissioning provisions and performed detailed testing in respect of the cost estimates. As part of our detailed testing, we validated the existence of legal and/or constructive obligations with respect to the provision and considered whether the intended method of restoration and rehabilitation was appropriate.

We evaluated the competence and objectivity of management's experts who produced the cost estimates. For certain of the Group's environmental restoration and decommissioning provisions, we engaged our own internal experts to assess the work performed by management's experts. We read correspondence between management and management's experts, as well as with the applicable mining regulatory body where appropriate, and in certain territories met with management's expert. In assessing the appropriateness of cost estimates, we focussed on validating that costs underpinning the accounting provision represent management's and the experts' best estimate of expenditure, based on the current extent of mine disturbance and appropriately considered the risk adjustments included in the estimate.

Where claims have been made by regulatory authorities or government bodies regarding closure estimates, we met with both internal and external legal counsel to assess the probable outcomes in relation to ongoing claims and exposure and areas where legal requirements are open to interpretation.

We assessed the appropriateness of the discount rates applied to calculate the present value of estimated costs by comparing the rates applied by management to the yields on government bonds with maturities approximating the timing of cash flows for each territory and currency.

We validated the formulae and mathematical accuracy of management's calculations.

Based on our procedures performed, we consider that the provisions related to environmental restoration and decommissioning obligations are consistent with our understanding of the obligations associated with the operations and the remediation plans. Further, we consider the related disclosures in the financial statements are appropriate.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Fair value allocation of the purchase price in respect of the acquisition of Sirius Minerals Plc (Group)	
In March 2020, the Group acquired a 100% interest in Sirius Minerals Plc for cash consideration of $496 million. The acquisition has been treated as a business combination and therefore the acquired assets and liabilities have been fair valued at the date of acquisition as part of the Purchase Price Allocation ("PPA"). As part of the PPA, management is required to determine the fair value of the acquired assets and liabilities which requires significant judgement. Refer to note 33 for management's conclusions and the Audit Committee's views.	We assessed the competency and objectivity of the valuation experts engaged by management to perform the purchase price allocation. With the assistance of our valuation expert, we reviewed management's assessment of the fair value of the acquired assets and liabilities and performed the following: – reconciled the forecast cash flows to Board papers prior to Board approval of the transaction; – recalculated the transaction internal rate of return based on the forecast cash flows; – validated the mathematical accuracy of management's calculations and forecasts; – assessed the reasonableness of management's forecast cash flows, including production, pricing, operating expenses and capital expenditure, including consideration of the significant changes between the Group's acquisition model and the pre-acquisition Sirius Minerals base case; – considered the competence and objectivity of the Competent Persons responsible for the Sirius Minerals reserves and resources; and – challenged and reviewed the judgements applied and valuation methods adopted in respect of the Hancock royalty acquired on acquisition. We are satisfied that the purchase price allocation in respect of the Sirius Minerals acquisition is supported by the results of our audit procedures and that the related disclosures in the financial statements are appropriate.
Covid-19 (Group and parent Company)	
As set out in the Annual Report, management has considered the impact of Covid-19 on the Group, alongside the actions that have been taken in response to the pandemic. As a result of the pandemic there is a heightened level of uncertainty in accounting estimates. This increased estimation uncertainty is most significant in relation to the assessment of impairment both due to challenges in forecasting macroeconomic inputs such as commodity prices and foreign exchange, but also due to the changes in the phasing of activity driven by the impact of Covid-19 on operations. Management has also considered the potential impact of Covid-19 in undertaking their assessment of going concern. In addition to the impact on financial reporting, management has adjusted its ways of working in response to the pandemic including social distancing and testing regimes at mine sites and a large number of employees working remotely. This has resulted in change to the Group's financial reporting processes and the control environment.	Our procedures in respect of impairment and impairment reversals for both the Group and parent Company are set out in the related key audit matter above. Our procedures and conclusions in respect of going concern are set out separately within the Conclusions relating to going concern section of this report. We considered whether changes to working practices brought about by Covid-19 had an adverse impact on the effectiveness of management's business process and IT controls. Our work did not identify any changes which had a significant impact on our audit approach other than needing to perform most of our work remotely. We increased the frequency and extent of our oversight over component audit teams, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at local components. We considered the appropriateness of disclosures in the financial statements in relation to the impact of the pandemic on the relevant accounting estimates and deemed these to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent Company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into seven product groups – Diamonds, Copper, Platinum Group Metals, Iron Ore, Coal, Nickel and Manganese, and Crop Nutrients, as well as a Corporate function. Each product group is further divided into Business Units which align to discrete country or joint venture operations. We have identified each Business Unit as a component, with each component representing a consolidation of a number of discrete country operations or businesses.

The Group's accounting processes are structured around a local finance function at each component, which are supported by the Group's central functions including: i) one of the Group's three shared service centres in either South Africa, Brazil or Australia dependent on the geographical location of the component; and ii) with the exception of De Beers and Metallurgical Coal, through the Group's Marketing function in Singapore where the majority of the Group's commodity sales are transacted and processed. Each component reports to the Group through an integrated consolidation system.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having consideration to the relative significance of each component to the Group, locations with significant inherent risks and the overall coverage obtained over each material line item in the consolidated financial statements.

We identified five financially significant components which, in our view, required an audit of their complete financial information due to their size. An additional seven components were identified as requiring a complete audit due to specific risk characteristics and in order to achieve the required coverage in respect of each material line item in the financial statements, including the Group's Corporate function. Specified procedures over significant balances and transactions were performed at one of the Group's joint ventures to obtain appropriate coverage of all material balances.

Recognising that not every operation or business in a component is included in our Group audit scope, we considered as part of our Group audit oversight responsibility what audit coverage had been obtained in aggregate by our component teams by reference to operations or businesses at which audit work had been undertaken.

Where the work was performed by component audit teams or at a central function, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As a result of the impacts of Covid-19, certain countries were placed under restrictive government lockdowns for the duration of both our transition and audit procedures which impacted the way we conducted our work, with more procedures being performed remotely and additional work being performed to address the requirements of ISA (UK) 500 *Audit Evidence*. In practice, this meant some component teams were able to attend client sites once restrictions permitted, or were able to obtain sufficient, appropriate evidence remotely given more than one piece of audit evidence could be obtained to support the same transaction.

As a result of Covid-19, we were unable to visit any component teams for the 2020 audit. As such, our oversight procedures included the issuance of formal, written instructions to component auditors setting out the work to be performed at each location and regular communication throughout the audit cycle including regular component calls, review of component auditor work papers and participation in audit clearance meetings. In most cases communication was performed through video conferencing. We also held audit planning workshops for each component in March 2020, largely focused on the extensive planning of audit transition, our first year audit and how we would adapt and respond to the changes in working practices as a result of the pandemic.

Taken together, the components where we performed our audit work accounted for 97% of consolidated revenue, 92% of consolidated profit before tax and 92% of consolidated profit before tax, special items and remeasurements. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures and our evaluation of entity level controls, which covers a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	$200 million	$80 million
How we determined it	Approximately 3.3% of the Group's three year average consolidated profit before tax, special items and remeasurements.	Based on 1% of total assets, capped at the appropriate allocation of Group materiality to the Corporate component.
Rationale for benchmark applied	Profit before tax, special items and remeasurements is used as the materiality benchmark. The directors use this measure as they believe that it reflects the underlying performance of the Group and is one of the metrics as to how the directors are measured on performance. We consider that it is most appropriate to calculate materiality based on a three-year average of profit before tax, special items and remeasurements to respond to longer-term trends in commodity markets and to dampen the impact of short-term price volatility.	We considered total assets to be an appropriate benchmark for the parent Company, given that it is the ultimate holding company and holds material investments in subsidiary undertakings.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was $60 million to $90 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to $150 million for the Group financial statements and $60 million for the parent Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $10 million (Group audit) and $4 million (parent Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and examining management's base case forecasts and downside scenarios, checking that the forecasts have been subject to board review and approval;
- Considering the historical reliability of management forecasting for cash flow and net debt by comparing budgeted results to actual performance;
- Reviewing the key inputs into the model, such as commodity prices and production forecasts, to ensure that these were consistent with our understanding and the inputs used in other key accounting judgements in the financial statements such as impairment and deferred tax recoverability;
- Performing our own independent sensitivity analysis to understand the impact of changes in cash flow and net debt on the resources available to the Group;
- Reviewing the covenants applicable to the Group's borrowings and assessing whether the forecasts supported ongoing compliance with the covenants; and

- Reading management's paper to the Audit Committee in respect of going concern, and agreeing the forecasts set out in this paper to the underlying base case cash flow model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the parent Company's ability to continue as a going concern.

In relation to the parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Integrated Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit Committee, we were appointed by the members on 5 May 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 February 2021

Consolidated income statement

for the year ended 31 December 2020

US$ million	Note	2020 Before special items and remeasurements	2020 Special items and remeasurements (note 8)	2020 Total	2019 Before special items and remeasurements	2019 Special items and remeasurements (note 8)	2019 Total
Revenue	2	**30,902**	**—**	**30,902**	29,870	—	29,870
Operating costs		**(24,215)**	**(1,056)**	**(25,271)**	(23,543)	(151)	(23,694)
Operating profit	1, 2	**6,687**	**(1,056)**	**5,631**	6,327	(151)	6,176
Non-operating special items	8	**—**	**513**	**513**	—	7	7
Net income from associates and joint ventures	2, 13	**180**	**(77)**	**103**	389	—	389
Profit before net finance costs and tax		**6,867**	**(620)**	**6,247**	6,716	(144)	6,572
Investment income		**115**	**—**	**115**	268	—	268
Interest expense		**(556)**	**(31)**	**(587)**	(666)	(3)	(669)
Other net financing (losses)/gains		**(334)**	**23**	**(311)**	(22)	(3)	(25)
Net finance costs	4	**(775)**	**(8)**	**(783)**	(420)	(6)	(426)
Profit before tax		**6,092**	**(628)**	**5,464**	6,296	(150)	6,146
Income tax expense	5	**(1,790)**	**(346)**	**(2,136)**	(1,760)	196	(1,564)
Profit for the financial year		**4,302**	**(974)**	**3,328**	4,536	46	4,582
Attributable to:							
Non-controlling interests	25	**1,167**	**72**	**1,239**	1,068	(33)	1,035
Equity shareholders of the Company		**3,135**	**(1,046)**	**2,089**	3,468	79	3,547
Earnings per share (US$)							
Basic	3	**2.53**	**(0.84)**	**1.69**	2.75	0.06	2.81
Diluted	3	**2.50**	**(0.83)**	**1.67**	2.70	0.06	2.76

Consolidated statement of comprehensive income

for the year ended 31 December 2020

US$ million	2020	2019
Profit for the financial year	**3,328**	4,582
Items that will not be reclassified to the income statement (net of tax)[1]		
Remeasurement of net retirement benefit obligation	**1**	(128)
Net revaluation gain on equity investments	**62**	18
Share of associates' and joint ventures' other comprehensive income	**—**	55
Items that have been or may subsequently be reclassified to the income statement (net of tax)[1]		
Net exchange differences:		
Net (loss)/gain (including associates and joint ventures)	**(92)**	192
Cumulative loss/(gain) transferred to the income statement on disposal of foreign operations	**4**	(7)
Other comprehensive (loss)/income for the financial year (net of tax)	**(25)**	130
Total comprehensive income for the financial year (net of tax)	**3,303**	4,712
Attributable to:		
Non-controlling interests	**1,204**	1,122
Equity shareholders of the Company	**2,099**	3,590

[1] Tax amounts are shown in note 5C.

Consolidated balance sheet

as at 31 December 2020

US$ million	Note	2020	2019[1]
ASSETS			
Non-current assets			
Intangible assets	10	**3,103**	3,086
Property, plant and equipment	11	**36,419**	34,201
Environmental rehabilitation trusts	15	**301**	301
Investments in associates and joint ventures	13	**1,258**	1,333
Financial asset investments	14	**371**	434
Inventories[1]	17	**599**	643
Trade and other receivables	18	**987**	676
Deferred tax assets	16	**639**	1,057
Derivative financial assets	22	**637**	347
Pension asset surplus and other non-current assets	27	**725**	642
Total non-current assets		**45,039**	42,720
Current assets			
Inventories[1]	17	**5,970**	4,319
Trade and other receivables	18	**3,886**	2,386
Current tax assets		**13**	130
Derivative financial assets	22	**105**	86
Cash and cash equivalents	20	**7,521**	6,345
Total current assets		**17,495**	13,266
Assets classified as held for sale	32	**—**	166
Total assets		**62,534**	56,152
LIABILITIES			
Current liabilities			
Trade and other payables	19	**(6,692)**	(5,373)
Short term borrowings	20, 21	**(1,194)**	(990)
Provisions for liabilities and charges	15	**(595)**	(516)
Current tax liabilities		**(383)**	(194)
Derivative financial liabilities	22	**(214)**	(155)
Total current liabilities		**(9,078)**	(7,228)
Non-current liabilities			
Trade and other payables	19	**(321)**	(126)
Medium and long term borrowings	20, 21	**(12,317)**	(9,744)
Royalty liability	22, 33	**(340)**	—
Retirement benefit obligations	27	**(643)**	(651)
Deferred tax liabilities	16	**(3,804)**	(3,922)
Derivative financial liabilities	22	**(192)**	(522)
Provisions for liabilities and charges	15	**(3,073)**	(2,557)
Total non-current liabilities		**(20,690)**	(17,522)
Liabilities directly associated with assets classified as held for sale	32	**—**	(17)
Total liabilities		**(29,768)**	(24,767)
Net assets		**32,766**	31,385
EQUITY			
Called-up share capital	24	**749**	753
Share premium account		**4,358**	4,358
Own shares	24	**(6,107)**	(6,195)
Other reserves		**(10,368)**	(10,395)
Retained earnings		**37,192**	36,274
Equity attributable to equity shareholders of the Company		**25,824**	24,795
Non-controlling interests	25	**6,942**	6,590
Total equity		**32,766**	31,385

[1] In 2019, inventories expected to be processed in a period greater than 12 months from the balance sheet date were included within current inventories but due to a change in accounting policy have been reclassified. See note 39A.

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 24 February 2021 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

Consolidated cash flow statement

for the year ended 31 December 2020

US$ million	Note	2020	2019
Cash flows from operating activities			
Profit before tax		**5,464**	6,146
Net finance costs including financing special items and remeasurements		**783**	426
Net income from associates and joint ventures		**(103)**	(389)
Non-operating special items	8	**(513)**	(7)
Operating profit	1	**5,631**	6,176
Operating special items and remeasurements	8	**1,056**	151
Cash element of special items		**(107)**	(109)
Depreciation and amortisation	1	**2,597**	2,812
Share-based payment charges		**166**	163
Increase in provisions and net retirement benefit obligations		**126**	22
Increase in inventories		**(1,560)**	(434)
Increase in operating receivables		**(1,035)**	(170)
Increase in operating payables		**1,061**	554
Other adjustments		**63**	95
Cash flows from operations		**7,998**	9,260
Dividends from associates and joint ventures	13	**226**	520
Income tax paid		**(1,606)**	(2,116)
Net cash inflows from operating activities		**6,618**	7,664
Cash flows from investing activities			
Expenditure on property, plant and equipment	12	**(4,647)**	(4,744)
Cash flows used in derivatives related to capital expenditure	12	**(11)**	(9)
Proceeds from disposal of property, plant and equipment	12	**7**	8
Investments in associates and joint ventures	13	**(14)**	(36)
Expenditure on intangible assets[1]		**(63)**	(37)
Net redemption/(issuance) of financial asset investments held at amortised cost	14	**67**	(50)
Interest received and other investment income		**84**	205
Net cash outflow on acquisitions	33	**(520)**	(13)
Net cash inflow on disposals	33	**384**	24
Other investing activities		**(27)**	(64)
Net cash used in investing activities		**(4,740)**	(4,716)
Cash flows from financing activities			
Interest paid		**(471)**	(415)
Cash flows used in derivatives related to financing activities	20	**(20)**	(152)
Dividends paid to Company shareholders	6	**(904)**	(1,422)
Dividends paid to non-controlling interests	25	**(668)**	(894)
Proceeds from issuance of bonds		**2,966**	958
Proceeds from other borrowings		**2,121**	708
Capital repayment of lease obligations		**(195)**	(272)
Repayments of bonds and borrowings		**(3,160)**	(581)
Purchase of shares by Group companies		**(385)**	(1,043)
Other financing activities		**–**	(3)
Net cash used in financing activities		**(716)**	(3,116)
Net increase/(decrease) in cash and cash equivalents		**1,162**	(168)
Cash and cash equivalents at start of year	20	**6,335**	6,548
Cash movements in the year		**1,162**	(168)
Effects of changes in foreign exchange rates		**11**	(45)
Cash and cash equivalents at end of year	20	**7,508**	6,335

[1] Expenditure on intangible assets was previously included in Other investing activities.

Consolidated statement of changes in equity

for the year ended 31 December 2020

US$ million	Total share capital[1]	Own shares[2]	Retained earnings	Cumulative translation adjustment reserve	Other reserves (note 24)	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2019	5,130	(6,315)	35,222	(11,056)	537	23,518	6,222	29,740
Total comprehensive income	—	—	3,431	91	68	3,590	1,122	4,712
Dividends	—	—	(1,422)	—	—	(1,422)	(759)	(2,181)
Equity settled share-based payment schemes	—	120	(237)	—	(2)	(119)	3	(116)
Shares cancelled during the year	(19)	—	—	—	19	—	—	—
Share buyback	—	—	(777)	—	—	(777)	—	(777)
Other	—	—	57	—	(52)	5	2	7
At 31 December 2019	**5,111**	**(6,195)**	**36,274**	**(10,965)**	**570**	**24,795**	**6,590**	**31,385**
Total comprehensive income/(loss)	**—**	**—**	**2,089**	**(39)**	**49**	**2,099**	**1,204**	**3,303**
Dividends	**—**	**—**	**(904)**	**—**	**—**	**(904)**	**(810)**	**(1,714)**
Equity settled share-based payment schemes	**—**	**89**	**(95)**	**—**	**21**	**15**	**1**	**16**
Shares cancelled during the year	**(4)**	**—**	**—**	**—**	**4**	**—**	**—**	**—**
Share buyback	**—**	**—**	**(223)**	**—**	**—**	**(223)**	**—**	**(223)**
Change in ownership interest in subsidiaries	**—**	**—**	**44**	**—**	**—**	**44**	**(58)**	**(14)**
Other	**—**	**(1)**	**7**	**—**	**(8)**	**(2)**	**15**	**13**
At 31 December 2020	**5,107**	**(6,107)**	**37,192**	**(11,004)**	**636**	**25,824**	**6,942**	**32,766**

(1) Includes share capital and share premium.
(2) Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts (note 24).

Notes to the financial statements

Financial performance

Profit attributable to equity shareholders decreased by 41% to $2,089 million and underlying earnings decreased by 10% to $3,135 million.

The following disclosures provide further information about the drivers of the Group's financial performance in the year. This includes analysis of the respective contribution of the Group's reportable segments along with information about its operating cost base, net finance costs and tax. In addition, disclosure on earnings per share and the dividend is provided.

Profit attributable to equity shareholders

$2.1 bn

(2019: $3.5 bn)

1. Operating profit from subsidiaries and joint operations

Overview

US$ million	Note	2020	2019
Revenue		**30,902**	29,870
Operating costs:			
Employee costs	26	**(3,180)**	(3,359)
Depreciation of property, plant and equipment		**(2,553)**	(2,765)
Amortisation of intangible assets		**(44)**	(47)
Third party commodity purchases		**(10,188)**	(7,463)
Consumables, maintenance and production input costs		**(4,023)**	(5,335)
Logistics, marketing and selling costs		**(2,475)**	(2,589)
Royalties		**(607)**	(780)
Exploration and evaluation		**(195)**	(246)
Net foreign exchange gains/(losses)		**37**	(8)
Other operating income		**363**	308
Other operating expenses		**(1,350)**	(1,259)
Operating profit before special items and remeasurements		**6,687**	6,327
Operating special items and remeasurements	8	**(1,056)**	(151)
Operating profit		**5,631**	6,176

Royalties exclude items which meet the definition of income tax on profit and accordingly have been accounted for as taxes. Exploration and evaluation excludes associated employee costs. The full exploration and evaluation expenditure is presented below.

Operating profit before special items and remeasurements is stated after (charging)/crediting:

US$ million	2020	2019
Exploration expenditure	**(101)**	(126)
Evaluation expenditure	**(142)**	(173)
Research and development expenditure	**(123)**	(107)
Provisional pricing adjustment[1]	**348**	(42)

[1] The provisional pricing adjustments for 2019 have been restated by $158 million due to a change in accounting for these arrangements. See note 22.

Further information

Operating profit includes total realised and unrealised gains on provisionally priced sales contracts of $469 million (2019: loss of $29 million) reported within revenue from other sources, which is offset by losses on provisionally priced purchase contracts of $121 million (restated 2019: loss of $13 million) reported within operating costs resulting in a net provisional pricing adjustment gain of $348 million (restated 2019: loss $42 million).

Accounting policy

See note 39C for the Group's accounting policy on revenue and exploration and evaluation expenditure.

Financial performance

2. Financial performance by segment

Overview

The Group's operating segments are aligned to those business units that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Operating segments with similar economic characteristics are aggregated into reportable segments.

On 17 March 2020 the Group acquired a 100% interest in Sirius Minerals Plc, and since that date it has been accounted for as a subsidiary of the Group and reported as the Crop Nutrients segment. As a result of the acquisition the Group has gained control of the Woodsmith project, located in North Yorkshire, UK. For details of this acquisition, see note 33.

Shipping revenue related to shipments of the Group's products is shown within the relevant operating segment. Revenue from other shipping arrangements is presented within the 'Corporate and other' segment, which also includes unallocated corporate costs and exploration costs.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Segment results

							2020
US$ million	Group revenue	Underlying EBITDA	Depreciation and amortisation	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
De Beers	3,378	417	(417)	—	(127)	25	(102)
Copper	7,176	1,864	(637)	1,227	(548)	(72)	607
Platinum Group Metals	8,465	2,555	(285)	2,270	(914)	(288)	1,068
Iron Ore	7,954	4,565	(474)	4,091	(774)	(843)	2,474
Coal	3,798	35	(667)	(632)	74	4	(554)
Nickel and Manganese	1,269	510	(186)	324	(122)	(3)	199
Crop Nutrients[1]	107	1	—	1	(12)	—	(11)
Corporate and other	191	(145)	(86)	(231)	(322)	7	(546)
	32,338	9,802	(2,752)	7,050	(2,745) [2]	(1,170)	3,135
Less: associates and joint ventures	(1,436)	(518)	155	(363)	180	3	(180)
Subsidiaries and joint operations	30,902	9,284	(2,597)	6,687	(2,565)	(1,167)	2,955
Reconciliation:							
Net income from associates and joint ventures				103			103
Special items and remeasurements				(543)			(969)
Profit before net finance costs and tax				6,247			
Profit attributable to equity shareholders of the Company							2,089

							2019
US$ million	Group revenue	Underlying EBITDA	Depreciation and amortisation	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
De Beers	4,605	558	(390)	168	(119)	(4)	45
Copper	5,840	1,618	(658)	960	(334)	(117)	509
Platinum Group Metals	6,866	2,000	(328)	1,672	(541)	(259)	872
Iron Ore	6,758	3,407	(455)	2,952	(622)	(695)	1,635
Coal	6,137	1,832	(822)	1,010	(347)	(1)	662
Nickel and Manganese	1,498	634	(157)	477	(171)	(5)	301
Corporate and other	121	(43)	(186)	(229)	(335)	8	(556)
	31,825	10,006	(2,996)	7,010	(2,469) [2]	(1,073)	3,468
Less: associates and joint ventures	(1,955)	(867)	184	(683)	289	5	(389)
Subsidiaries and joint operations	29,870	9,139	(2,812)	6,327	(2,180)	(1,068)	3,079
Reconciliation:							
Net income from associates and joint ventures				389			389
Special items and remeasurements				(144)			79
Profit before net finance costs and tax				6,572			
Profit attributable to equity shareholders of the Company							3,547

(1) Group revenue in respect of Crop Nutrients relates to revenue from its 30% interest in the associate, The Cibra Group, a fertiliser distributor based in Brazil.
(2) Comprises net finance costs of $797 million (2019: $451 million) and income tax expense of $1,948 million (2019: $2,018 million).

The segment results are stated after elimination of inter-segment interest and dividends and include an allocation of corporate costs.

Financial performance

2. Financial performance by segment continued

Further information

Group revenue by product

Segments predominantly derive revenue as follows – De Beers: rough and polished diamonds; Copper: copper; Platinum Group Metals: platinum group metals and nickel; Iron Ore: iron ore; Coal: metallurgical coal and thermal coal; Nickel and Manganese: nickel, manganese ore and alloys. Other revenue includes shipping revenue which predominantly relates to the Iron Ore, Platinum Group Metals and Copper segments. See note 39C for the Group's accounting policy on revenue recognition. The revenue analysis below includes the Group's share of revenue in equity accounted associates and joint ventures. See note 13.

	2020			2019		
US$ million	Revenue from contracts with customers	Revenue from other sources	Group Revenue	Revenue from contracts with customers	Revenue from other sources	Group Revenue
Diamonds	**3,371**	**7**	**3,378**	4,597	8	4,605
Copper	**6,510**	**255**	**6,765**	5,558	11	5,569
Platinum	**1,439**	**—**	**1,439**	1,944	—	1,944
Palladium	**3,512**	**—**	**3,512**	2,707	—	2,707
Rhodium	**2,683**	**—**	**2,683**	1,215	—	1,215
Iron ore	**6,845**	**338**	**7,183**	5,646	263	5,909
Metallurgical coal	**1,496**	**281**	**1,777**	3,202	423	3,625
Thermal coal	**1,765**	**246**	**2,011**	2,033	470	2,503
Nickel	**813**	**—**	**813**	921	6	927
Manganese ore and alloys	**—**	**697**	**697**	—	926	926
Other	**1,872**	**208**	**2,080**	1,812	83	1,895
	30,306	**2,032**	**32,338**	29,635	2,190	31,825

Revenue from contracts with customers includes amounts earned from the sale of volumes purchased from third parties (non-equity traded sales) that were not mined by the Group.

Revenue from other sources includes net gains of $596 million on derivative financial instruments, which principally relate to sales contracts and provisionally priced receivables, which are reported within total revenue from subsidiaries and joint operations (2019: net gains of $235 million) and $1,436 million of revenue from associates and joint ventures (2019: $1,955 million).

Excluding non-equity traded sales volumes, revenue from the mining of thermal coal (including thermal coal volumes from South Africa, Colombia and the Metallurgical Coal business) for the year ended 31 December 2020 was $1,384 million, or 4% of Group Revenue (2019: $1,783 million, 6%). Thermal coal underlying EBITDA for the year ended 31 December 2020, excluding non-equity traded sales, was a loss of $87 million (2019: profit of $95 million).

Group revenue by destination

The Group's geographical analysis of segment revenue is allocated based on the customer's port of destination. Where the port of destination is not known, revenue is allocated based on the customer's country of domicile.

	2020		2019	
	US$ million	%	US$ million	%
China	**12,596**	**39%**	9,470	30%
India	**2,012**	**6%**	2,898	9%
Japan	**4,076**	**13%**	3,114	10%
Other Asia	**4,808**	**15%**	6,055	19%
South Africa	**627**	**2%**	807	3%
Other Africa	**899**	**3%**	1,220	4%
Brazil	**462**	**1%**	437	1%
Chile	**507**	**2%**	574	2%
Other South America	**21**	**—**	71	—
North America	**850**	**3%**	786	2%
Australia	**8**	**—**	229	1%
United Kingdom[1]	**2,064**	**6%**	2,379	7%
Other Europe	**3,408**	**10%**	3,785	12%
	32,338	**100%**	31,825	100%

[1] United Kingdom is Anglo American plc's country of domicile.

Financial performance

3. Earnings per share

Overview

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

US$	2020	2019
Earnings per share		
Basic	**1.69**	2.81
Diluted	**1.67**	2.76
Underlying earnings per share		
Basic	**2.53**	2.75
Diluted	**2.50**	2.70
Headline earnings per share		
Basic	**2.47**	2.74
Diluted	**2.44**	2.69

Further information

The calculation of basic and diluted earnings per share is based on the following data:

	Profit attributable to equity shareholders of the Company		Underlying earnings		Headline earnings	
	2020	2019	2020	2019	2020	2019
Earnings (US$ million)						
Basic and diluted earnings	**2,089**	3,547	**3,135**	3,468	**3,056**	3,459
Weighted average number of shares (million)						
Basic number of ordinary shares outstanding	**1,239**	1,263	**1,239**	1,263	**1,239**	1,263
Effect of dilutive potential ordinary shares	**14**	21	**14**	21	**14**	21
Diluted number of ordinary shares outstanding	**1,253**	1,284	**1,253**	1,284	**1,253**	1,284

The weighted average number of ordinary shares in issue is the weighted number of shares in issue throughout the year, and excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies. The weighted average number of shares has decreased since 2019, principally due to the share buyback announced in 2019, which concluded in March 2020. The diluted number of ordinary shares outstanding, including share options and awards, is calculated on the assumption of conversion of all potentially dilutive ordinary shares. In the year ended 31 December 2020 there were 198,161 (2019: 57,399) share options that were potentially dilutive but not included in the calculation of diluted earnings because they were anti-dilutive.

Headline earnings, a Johannesburg Stock Exchange defined performance measure, is reconciled from profit attributable to equity shareholders of the Company as follows:

US$ million	2020	2019
Profit attributable to equity shareholders of the Company	**2,089**	3,547
Special items and remeasurements	**1,046**	(79)
Underlying earnings for the financial year	**3,135**	3,468
Operating special items – restructuring	**(40)**	–
Other operating special items	**–**	(63)
Operating remeasurements	**(71)**	(100)
Non-operating special items – charges relating to BEE transactions	**–**	(11)
Non-operating special items – remeasurement of deferred consideration	**348**	41
Financing special items and remeasurements	**(8)**	(9)
Tax special items and remeasurements	**(344)**	109
Other reconciling items	**36**	24
Headline earnings for the financial year	**3,056**	3,459

The reconciling items above are shown net of tax and non-controlling interests.

Other reconciling items principally relate to adjustments to former operations and disposals of property, plant and equipment and investments (2019: relate to adjustments to former operations and disposals of property, plant and equipment and investments).

Financial performance

4. Net finance costs

Overview

US$ million	2020	2019
Investment income		
Interest income from cash and cash equivalents	**56**	188
Interest income from associates and joint ventures	**10**	21
Other interest income	**34**	35
Net interest income on defined benefit arrangements	**15**	26
	115	270
Less: Interest income capitalised	**–**	(2)
Investment income	**115**	268
Interest expense		
Interest and other finance expense	**(593)**	(603)
Net interest cost on defined benefit arrangements	**(40)**	(45)
Unwinding of discount relating to provisions and other liabilities	**(93)**	(92)
	(726)	(740)
Less: Interest expense capitalised	**170**	74
Interest expense before special items and remeasurements	**(556)**	(666)
Financing special items	**(31)**	(3)
Interest expense	**(587)**	(669)
Other net financing (losses)/gains		
Net foreign exchange (losses)/gains	**(75)**	30
Other net fair value losses	**(259)**	(52)
Other net financing losses before special items and remeasurements	**(334)**	(22)
Financing remeasurements	**23**	(3)
Other net financing losses	**(311)**	(25)
Net finance costs	**(783)**	(426)

Further information

The interest expense incurred on lease liabilities recognised within Interest and other finance expense for the year ended 31 December 2020 is $32 million (2019: $32 million).

Interest income recognised at amortised cost is $58 million (2019: $106 million) and interest expense recognised at amortised cost is $383 million (2019: $452 million).

Included in other net fair value losses is $257 million (2019: $52 million) in respect of fair value losses on the revaluation of deferred consideration balances relating to the Mototolo acquisition (see note 22 for further details).

5. Income tax expense

Overview

	2020		
	Profit before tax US$ million	Tax charge US$ million	Effective tax rate
Calculation of effective tax rate (statutory basis)	**5,464**	**(2,136)**	**39.1%**
Adjusted for:			
Special items and remeasurement	**628**	**346**	
Associates' and joint ventures' tax and non-controlling interests	**161**	**(158)**	
Calculation of underlying effective tax rate	**6,253**	**(1,948)**	**31.2%**

The underlying effective tax rate was 31.2% for the year ended 31 December 2020. This is higher than underlying effective tax rate of 30.8% for the year ended 31 December 2019. The underlying effective tax rate in 2020 was mainly impacted by the relative level of profits arising in the Group's operating jurisdictions.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Financial performance

5. Income tax expense continued

A. Analysis of charge for the year

US$ million	2020	2019
United Kingdom corporation tax	61	67
South Africa tax	1,249	879
Other overseas tax	572	712
Prior year adjustments	(28)	(90)
Current tax	1,854	1,568
Deferred tax	(64)	192
Income tax expense before special items and remeasurements	1,790	1,760
Special items and remeasurements tax	346	(196)
Income tax expense	2,136	1,564

Current tax includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

B. Factors affecting tax charge for the year

The reconciling items between the statutory corporation tax rate and the income tax expense are:

US$ million	2020	2019
Profit before tax	5,464	6,146
Less: Net income from associates and joint ventures	(103)	(389)
Profit before tax (excluding associates and joint ventures)	5,361	5,757
Tax calculated at United Kingdom corporation tax rate of 19.0% (2019: 19.0%)	1,019	1,094
Tax effects of:		
Items non-deductible/taxable for tax purposes	35	218
Temporary difference adjustments		
Current year losses not recognised	214	86
Recognition of losses and temporary differences not previously recognised	(4)	(15)
Utilisation of losses and temporary differences not previously recognised	(238)	(290)
Write-off of losses and temporary differences previously recognised	7	—
Other temporary differences	22	50
Functional currency remeasurements (note 8)	418	(155)
Special items and other remeasurements	33	(12)
Special items and remeasurements	451	(167)
Other adjustments		
Dividend withholding taxes	187	142
Effect of differences between local and United Kingdom tax rates	458	533
Prior year adjustments to current tax	(28)	(90)
Other adjustments	13	3
Income tax expense	2,136	1,564

The special items and remeasurements reconciling charge of $451 million (2019: credit of $167 million) relates to the net tax impact of total special items and remeasurements before tax calculated at the United Kingdom corporation tax rate less the associated tax recorded against these items and tax special items and remeasurements.

Included within dividend withholding taxes for the year ended 31 December 2020 is a charge of $45 million (2019: credit of $14 million) due to a reassessment of future dividend distributions.

Associates' and joint ventures' tax included within Net income from associates and joint ventures for the year ended 31 December 2020 is a charge of $156 million (2019: $258 million). Excluding special items and remeasurements, this becomes a charge of $158 million (2019: $258 million).

C. Tax amounts included in other comprehensive income

The Consolidated statement of comprehensive income includes a tax charge on the remeasurement of net retirement benefit obligations recognised directly in equity that will not be reclassified to the income statement of $26 million (2019: nil). In addition, there is a tax charge on the net revaluation credit on equity investments recognised directly in equity that will not subsequently be reclassified to the income statement of $11 million (2019: loss of $3 million). There is a tax charge of nil (2019: $6 million) on the share of associates' and joint ventures' other comprehensive income that will not be reclassified to the income statement.

D. Tax amounts recognised directly in equity

In 2020, deferred tax of $11 million (2019: $4 million charge) was credited directly to equity mainly in relation to movements in share based payments and severance indemnity updates.

Financial performance

5. Income tax expense continued

Accounting judgement
The Group's tax affairs are governed by complex domestic tax legislations, international tax treaties between countries and the interpretation of these by tax authorities and courts. Given the many uncertainties that could arise from these factors, judgement is often required in determining the tax that is due. Where management is aware of potential uncertainties, and where it is judged not probable that the taxation authorities would accept the uncertain tax treatment, a provision is made following the appropriate requirements set out in IFRIC 23 *Uncertainty over income tax treatments*, and, determined with reference to similar transactions and, in some cases, reports from independent experts.

Accounting policy
See note 39G for the Group's accounting policy on tax.

6. Dividends

	2020	2019
Proposed final ordinary dividend per share (US cents)	**72**	47
Proposed final ordinary dividend (US$ million)	**899**	588

These financial statements do not reflect the proposed final ordinary dividend as it is still subject to shareholder approval.

Dividends paid during the year are as follows:

US$ million	2020	2019
Final ordinary dividend for 2019 – 47 US cents per ordinary share (2018: 51 US cents per ordinary share)	**557**	657
Interim ordinary dividend for 2020 – 28 US cents per ordinary share (2019: 62 US cents per ordinary share)	**347**	765
	904	1,422

As at the dividend record date, there are forecasted to be 1,248,370,165 (2019: 1,251,638,579) dividend bearing shares in issue.

Significant items

Special items and remeasurements are a net loss of $1.0 billion and include a $0.6 billion impairment of Barro Alto and tax remeasurements of $0.4 billion.

During 2020, the significant accounting matters addressed by management included:

- the assessment of impairment and impairment reversal indicators
- the estimation of cash flow projections for impairment testing and the assessment of the recoverability of deferred tax assets.

Special items and remeasurements

$(1.0) bn

(2019: $0.1 bn)

7. Significant accounting matters

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The critical judgements and key sources of estimation uncertainty that affect the results for the year ended 31 December 2020 are set out below. In addition to these items, further detail on other significant judgements and estimates determined by management is provided, where applicable, in the relevant note to the financial statements.

Covid-19

The Group has considered the impact of Covid-19 on each of its significant accounting judgements and estimates. The Group's principal source of estimation uncertainty continues to be in relation to assumptions used for the assessment of impairment and impairment reversal of assets where indicators of impairment or impairment reversal are identified. No further significant estimates have been identified as a result of Covid-19, although the pandemic has increased the level of uncertainty inherent in all future cash flow forecasts.

The price and foreign exchange rate assumptions used to forecast future cash flows for impairment assessment purposes have been made with reference to both the short term observable impact of Covid-19 and the forecast medium and longer term impact on the world economy and commodity prices.

Impairment and impairment reversals of assets

i) Critical accounting judgements

The Group assesses at each reporting date whether there are any indicators that its assets and cash generating units (CGUs) may be impaired. Operating and economic assumptions which could affect the valuation of assets using discounted cash flows, including those that could be impacted by the Group's current and emerging principal risks such as climate change, are updated regularly as part of the Group's planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU, and are therefore indicators of impairment or impairment reversal. The judgement also takes into account the Group's long term economic forecasts, market consensus and sensitivity analysis of the discounted cash flow models used to value the Group's assets.

Assets (other than goodwill) that have been previously impaired must be assessed for indicators of both impairment and impairment reversal. Such assets are generally carried on the balance sheet at a value close to their recoverable amount at the last assessment. Therefore in principle any change to operational plans or assumptions or economic parameters could result in further impairment or impairment reversal if an indicator is identified. Significant operating assets that the Group has previously impaired include Minas-Rio (Iron Ore); Dawson, Khwezela and Goedehoop (Coal); Barro Alto and Samancor (Nickel and Manganese) and El Soldado (Copper). These assets have a combined carrying value of $6.4 billion within property, plant and equipment as at 31 December 2020, of which the most significant individual asset is Minas-Rio, which has a carrying value of $5.2 billion and cumulative impairment eligible for future reversal of $4.1 billion. The Group has also previously impaired its investment in Cerrejón. This asset has a carrying value of $0.4 billion and is accounted for as an investment in associate.

ii) Cash flow projections for impairment testing

Expected future cash flows used in discounted cash flow models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Mineral Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure. Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 *Fair Value Measurement*, as they depend to a significant extent on unobservable valuation inputs.

Cash flow projections are based on financial budgets and Life of Mine Plans or, for non-mine assets, an equivalent appropriate long term forecast, incorporating key assumptions as detailed below:

- Ore Reserves and Mineral Resources
  Ore Reserves and, where considered appropriate, Mineral Resources are incorporated in projected cash flows, based on Ore Reserves and Mineral Resources statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to Ore Reserves.
- Commodity and product prices
  Commodity and product prices are based on latest internal forecasts, benchmarked with external sources of information such as the range of available analyst forecasts and for the short term, spot prices. In estimating the forecast cash flows, management also takes into account the expected realised price from existing contractual arrangements.
- Foreign exchange rates
  Foreign exchange rates are based on latest internal forecasts, benchmarked with external sources of information for relevant countries of operation or directly from external forecasts. Long term foreign exchange rates are kept constant on a real basis.
- Discount rates
  Cash flow projections used in fair value less costs of disposal impairment models are discounted based on real post-tax discount rates, assessed annually. Adjustments to the rates are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the individual asset and country risk. A real discount rate of 7.0% has been used in the majority of the Group's fair value less costs of disposal models which are prepared in US dollars (2019: 7.0% used in all valuation models). A real discount rate of 9.5% has been used for South African thermal coal assets (for which the valuation model has been prepared in South African rand) to reflect specific risk factors including country risk, climate change risks and other asset specific risks.

Significant items

7. Significant accounting matters continued

- Operating costs, capital expenditure and other operating factors
  Operating costs and capital expenditure are based on financial budgets covering a five-year period. Cash flow projections beyond five years are based on Life of Mine Plans or non-mine production plans, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, the grade of Ore Reserves varying significantly over time and unforeseen operational issues). Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date. For further information refer to the unaudited Ore Reserves and Mineral Resources Report 2020.

  Where an asset has potential for future development through capital investment, to which a market participant would attribute value, and the costs and economic benefits can be estimated reliably, this development is included in the recoverable amount (with appropriate risk adjustments).
- Climate change
  Climate change may have a number of impacts for the Group including the risks and opportunities relating to the demand for the Group's commodities as a result of the transition to a low carbon economy and physical risks caused by climate change. For managed operations, the Group has incorporated carbon pricing, where material, in its projected cash flows. Short term carbon prices are incorporated based on currently enacted legislation, and where applicable longer term carbon prices are based on latest internal views, formed with reference to external forecasts. Separate carbon prices are used for developed and developing economies. Carbon costs are based on a carbon price per tonne/CO_2e, multiplied by estimated Scope 1 and 2 emissions. The cost and benefit of achieving the Group's emissions reduction strategy is included when the Group has a high degree of confidence that a project will achieve a reduction, which typically aligns with the related capital project being internally approved. The Group's commodity price and other key assumptions represent management's best estimate and do not reflect a specific climate-related scenario.

iii) Key sources of estimation uncertainty
For assets where indicators of impairment or impairment reversal are identified, the Group performs impairment reviews to assess the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. Mining operations are large, complex assets requiring significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset. Management applies judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined in note 39D. All assumptions are made from the perspective of a hypothetical informed market participant (as required by IFRS 13 *Fair Value Measurement*). As a result, these assumptions may differ from the Group's own internal forecasts.

De Beers goodwill
The valuation of De Beers has been assessed as at 31 December 2020 and the recoverable amount was considered to exceed the carrying value by $1.2 billion. The valuation, based on discounted cash flows, is sensitive to input assumptions particularly in relation to the foreign exchange assumption for producer currencies against the US dollar (affecting the cost of production in US dollar terms) and the future price growth for diamonds.

The foreign exchange assumptions in respect of the producer currency rates against the USD are sourced from an external provider. In the short term to medium term we assume the southern African producer currencies exchange rates are broadly flat compared to FY20 actual rates. Thereafter the rates are assumed to depreciate by the inflation differential between producer economies and the US.

The two primary factors impacting price growth are expected consumer demand growth and changes in global supply.

Expected consumer demand growth (in USD terms) is driven predominantly by:

- local currency GDP growth expectations in the primary markets in which diamonds are sold
- foreign exchange movements against the US dollar in the end consumer markets and the desirability of diamonds.

Desirability includes all aspects of buying behaviour such as competition for share of wallet from other luxury products including experiential holidays, hardline and softline goods, new technology and other products such as labgrown diamonds.

Based on external forecasts the Group is anticipating a protracted 'U' shaped recovery from the Covid-19 pandemic which assumes that consumer demand recovers to the level seen in 2018 by the end of 2022, although the Group has prepared for a more prolonged recovery. Following the steep recovery forecast in 2021 the medium term real GDP growth assumption in US dollar terms is 4.2% which is sourced from an external provider and is weighted by the key markets in which we operate including the US, China, India, Japan, Gulf Region and Eurozone. Over the long term consumer demand is expected to grow at least in line with inflation.

The external foreign exchange forecast is of annual US dollar depreciation of 1.5% against the Chinese renminbi, 0.7% against the Indian rupee, 0.8% against the Japanese yen and 1.6% against the euro for the medium term compared to FY20 actual average rates.

The consumer demand forecast has assumed a growth in the short term market penetration of labgrown diamonds which is then forecast to revert back to a stable share of the market by 2025 as the product becomes distinguished as a separate category. Otherwise, changes in total global supply are driven primarily by the output anticipated from new projects and assumes a continued supply contraction over the long term.

The valuation remains sensitive to consumer demand growth which could result in both upside and downside risk. For example, a reduction in the weighted GDP growth rates, a strengthening of the US dollar against other consumer country currencies or an increase in substitution by labgrown diamonds would suppress consumer demand growth. These factors have a range of possible impacts that may not occur independently of each other.

A range of alternative scenarios have been considered in determining whether there is a reasonably possible change in the forecast for foreign exchange rates in producer countries in conjunction with a reasonably possible change in consumer demand growth, which would result in the recoverable amount equating to the carrying amount.

A 5% strengthening of the producer currencies against our assumed US dollar forecast in conjunction with a 0.3 percentage point underperformance in our mid to long term consumer demand growth expectation would result in the recoverable amount equating to the carrying amount. This reduction in the consumer demand growth might be brought about through either a 15% one off appreciation of the US dollar against consumer countries' currencies or a reduction in long term real GDP growth assumptions by 0.3 percentage points with other valuation assumptions remaining the same.

During the global pandemic we have seen more marginal producers pause production and they are only likely to resume production if there is a stronger recovery in demand than we forecast. Our assessment is that no reasonably possible change in global supply with other assumptions remaining the same, would result in the recoverable amount equating to the carrying amount.

Barro Alto
Barro Alto (Nickel and Manganese) was previously impaired by $0.8 billion in 2013. Following a revision to the Group's medium and long term nickel price forecast, the recoverable amount has been reassessed and an impairment of $589 million recorded against the carrying value of property, plant and equipment ($589 million after tax) to bring the carrying value in line with the recoverable amount of $0.8 billion.

The valuation, based on discounted cash flows, is sensitive to changes in input assumptions, particularly in relation to future nickel prices. The forecast realised price is calculated using the forecast LME nickel price as reference, with adjustments to reflect the specific nature of the product. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The model uses prices that fall within the analyst range throughout the model. The nickel price in the model falls within the lowest quartile of the analyst price range of $5.6/lb to $6.4/lb in the period 2023-2025 (LME nickel, 2020 real basis). The long term price used after this period is consistent with the analyst mean. If the model assumptions were changed by $0.5/lb in each year with all other valuation assumptions remaining the same, this would change the valuation by $0.3 billion.

Significant items

7. Significant accounting matters continued

The model uses a forecast for the average Brazilian real to US dollar nominal exchange rate which falls within the analyst range of 3.2 BRL/$ to 5.8 BRL/$. A 10% appreciation of the Brazilian real compared to the valuation assumptions across the forecasted period would decrease the valuation by $0.3 billion.

Moranbah-Grosvenor
Moranbah North and Grosvenor (Coal) are adjacent longwall metallurgical coal operations in Queensland, Australia, sharing infrastructure and processing facilities. The two operations are assessed for impairment as a single CGU. The recoverable amount, based on a discounted cash flow model, supports the carrying value of $2.7 billion.

The valuation is sensitive to changes in input assumptions, particularly in relation to future metallurgical coal prices and foreign exchange rates. The model uses forecast metallurgical coal prices that fall within the analyst range throughout the model. The long term price in the model from 2026 onwards falls within the top quartile of the analyst price range of $150/tonne to $160/tonne (hard coking coal 2020 real basis). The model uses a forecast for the average Australian dollar to US dollar nominal exchange rate which falls within the analyst range of 0.67 AUD/$ to 0.94 AUD/$.

In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions, principally price and foreign exchange forecasts, including the potential impact of the transition towards a low carbon economy on the metallurgical coal price in the long term in the event that alternative steelmaking technologies prove viable at scale. If the model assumptions were reduced by $10/tonne from 2026 onwards with all other valuation assumptions remaining the same, this would result in an impairment of $0.3 billion. A 10% appreciation of the Australian dollar compared to the valuation assumptions across the forecasted period would result in an impairment of $0.8 billion.

Cerrejón
The Group has a 33% interest in Cerrejón, an exporter of Colombian thermal coal, which is accounted for as an investment in an associate. The Group's investment was previously impaired by $0.3 billion in 2019. The valuation, based on discounted cash flows, is sensitive to changes in input assumptions, particularly in relation to future Colombian thermal coal prices. The forecast realised price is calculated using API4 FOB Richards Bay as reference, with adjustments to reflect the quality and location of the product.

Following the approval of a new Life of Mine Plan, the recoverable amount of the investment was reassessed during the year. This valuation, based on a discounted cash flow model, supported the carrying value of $0.4 billion. In addition to the base case valuation, alternative scenarios were considered to assess the impact of changes in key assumptions. The most significant input to the valuation was the short to medium term price for thermal coal used to calculate the forecast realised price. The model used prices linked to thermal coal prices that fell within the analyst range throughout the model. The thermal coal price in the model fell within the top quartile of the analyst range from 2026 onwards, of $80/tonne to $82/tonne API4 FOB Richards Bay reference basis, 2020 real terms. If the model assumptions were changed by $5/tonne in each year with all other valuation assumptions remaining the same, this would change the valuation by $0.2 billion.

South African thermal coal
The Group's South African thermal coal mines have been reviewed for impairment and impairment reversal on an individual basis as each mine represents a separate cash generating unit. Impairment triggers were identified for the Goedehoop, Khwezela, Butsanani and Isibonelo cash generating units. Impairments totalling $149 million ($119 million after tax and non-controlling interests) were recorded against these cash generating units to bring the carrying value of the assets into line with the recoverable amount. These impairments have been allocated principally against property, plant and equipment. The valuation of each of these assets is not considered to be a significant accounting matter as no reasonably possible change in assumptions would materially change the carrying value.

Recognition of deferred tax assets
In accordance with the requirements of IAS 12 *Income Taxes*, the Group reassesses the recognition and recoverability of deferred tax assets at the end of each reporting period. This assessment is performed for each jurisdiction based upon the application of tax law, the likelihood of taxable profits arising in future periods and the likelihood that tax assets will be utilised. In determining the likelihood of future taxable profits, the Group considers the financial forecasts and the associated risks from operational and financial uncertainties. The assessment of the recoverability of deferred tax assets is therefore subject to the same significant judgements and assumptions as are relevant to the Group's impairment testing; notably commodity prices and foreign exchange rates.

A net deferred tax asset of $380 million (2019: $664 million) is recognised in Brazil in relation to the Minas-Rio iron ore mine. This net deferred tax asset represents the full recognition. Current forecasts expect carried forward losses to be fully utilised over the next 5 to 10 years. The current period increase in deferred tax asset recognition is offset by a greater increase in deferred tax liabilities arising on functional currency movements. The recovery of the deferred tax assets has been assessed based on current profit projections and the utilisation of all temporary differences has been modelled over the remaining life of the mine. Appropriate assessment is given to the weighting of long-term forecasts which by their nature are less reliable than short-term profit projections. Where deferred tax assets are only partially recognised, the judgemental nature of the weighting of profit forecasts could affect the amount of deferred tax recognised. As Minas-Rio is fully recognising all deferred tax attributes in 2020 there is no associated sensitivity to this weighting.

A 10% movement of the year end Brazilian real foreign currency rate compared to the assumption used in the model would move the net recognised deferred tax asset by $0.1 billion.

Significant items

8. Special items and remeasurements

Overview

US$ million	2020 Before tax	Tax	Non-controlling interests	Net	2019 Net
Impairments and impairment reversals	(808)	11	27	(770)	131
Restructuring costs	(50)	3	7	(40)	—
Other operating special items	(142)	30	—	(112)	(63)
Operating remeasurements	(56)	1	(16)	(71)	(100)
Operating special items and remeasurements	(1,056)	45	18	(993)	(32)
Disposals of businesses and investments	(22)	7	—	(15)	(27)
Adjustments relating to business combinations	9	—	(3)	6	23
Adjustments relating to former operations	532	(56)	(85)	391	26
Charges relating to BEE transactions	—	—	—	—	(11)
Other non-operating special items	(6)	—	—	(6)	—
Non-operating special items	513	(49)	(88)	376	11
Financing special items and remeasurements	(8)	—	—	(8)	(9)
Tax special items and remeasurements	—	(342)	(2)	(344)	109
Total	(551)	(346)	(72)	(969)	79
Associates' and joint ventures' special items and remeasurements				(77)	—
Total special items and remeasurements				(1,046)	79

Special items

Special items are those items of financial performance that, due to their size and nature, the Group believes should be separately disclosed on the face of the income statement. These items, along with related tax and non-controlling interests, are excluded from underlying earnings, which is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 246.

- Operating special items are those that relate to the operating performance of the Group and principally include impairment charges and reversals and restructuring costs.
- Non-operating special items are those that relate to changes in the Group's asset portfolio. This category principally includes profits and losses on disposals of businesses and investments or closure of operations, adjustments relating to business combinations, and adjustments relating to former operations of the Group, such as changes in the measurement of deferred consideration receivable or provisions recognised on disposal or closure of operations in prior periods. This category also includes charges relating to Black Economic Empowerment (BEE) transactions.
- Financing special items are those that relate to financing activities and include realised gains and losses on early repayment of borrowings, and the unwinding of the discount on material provisions previously recognised as special items.
- Tax special items are those that relate to tax charges or credits where the associated cash outflow or inflow is anticipated to be significant due to its size and nature, principally including resolution of tax enquiries.

Remeasurements

Remeasurements are items that are excluded from underlying earnings in order to reverse timing differences in the recognition of gains and losses in the income statement in relation to transactions that, while economically linked, are subject to different accounting measurement or recognition criteria. Remeasurements include mark-to-market movements on derivatives that are economic hedges of transactions not yet recorded in the financial statements, in order to ensure that the overall economic impact of such transactions is reflected within the Group's underlying earnings in the period in which they occur. When the underlying transaction is recorded in the income statement, the realised gains or losses are recorded in underlying earnings within either revenue, operating costs or net finance costs as appropriate. If the underlying transaction is recorded in the balance sheet, for example capital expenditure, the realised amount remains in remeasurements on settlement of the derivative.

- Operating remeasurements include unrealised gains and losses on derivatives relating to revenue, operating costs or capital expenditure transactions. They also include the reversal through depreciation and amortisation of a fair value gain or loss, arising on revaluation of a previously held equity interest in a business combination.
- Financing remeasurements include unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges, related to financing arrangements.
- Tax remeasurements include foreign exchange impacts arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence tax is susceptible to currency fluctuations.

Operating special items

Impairments and impairment reversals

Net impairments and impairment reversals of $808 million ($770 million after tax and non-controlling interests) for the year ended 31 December 2020 principally comprise the impairment charges to operations at Barro Alto (Nickel and Manganese) of $589 million ($589 million after tax and non-controlling interests) and South African thermal coal (Coal) of $149 million ($119 million after tax and non-controlling interests).

Further information on significant accounting matters relating to impairments and impairment reversals is provided in note 7.

2019

Net impairments and impairment reversals of $131 million after tax and non-controlling interests for the year ended 31 December 2019 principally comprised the impairment reversals of Minas-Rio (Iron Ore) of $1,033 million and impairment charges of South African thermal coal (Coal) of $585 million, Cerrejón (Coal) of $334 million, and Corporate assets (Corporate and other) of $30 million.

Restructuring costs

Restructuring costs of $50 million ($40 million after tax and non-controlling interests) for the year ended 31 December 2020 principally consist of restructuring programmes of $30 million ($22 million after tax and non-controlling interests) in De Beers.

2019

There were no restructuring costs recorded in the year ended 31 December 2019.

Significant items

8. Special items and remeasurements continued

Other operating special items

The loss of $142 million ($112 million after tax) principally relates to a $100 million ($70 million after tax) write-off of lost equipment and longwall assets assessed to have no future economic benefit following the incident at Grosvenor (Coal) and $42 million ($42 million after tax) write-off of other redundant assets.

2019

The loss of $63 million after tax and non-controlling interests principally related to the cost to the Group of terminating a long term power supply contract in Copper.

Operating remeasurements

Operating remeasurements reflect a net loss of $56 million ($71 million after tax and non-controlling interests) which principally relates to a $70 million depreciation and amortisation charge arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake.

2019

Operating remeasurements reflected a net loss of $100 million after tax and non-controlling interests which principally related to a $103 million depreciation and amortisation charge arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake.

Non-operating special items

Disposals of businesses and investments

On 18 December 2020, the Group completed the equalisation of ownership across its integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia (Coal) and a loss of $22 million ($15 million after tax) was recognised.

2019

On 27 November 2019, the Group announced the equalisation of ownership across its integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia (Coal). On entering into an agreement for the sale of a 12% interest in the Grosvenor mine to the same consortium partners for cash proceeds of $141 million, an impairment charge of $59 million ($41 million after tax) was recorded to bring the carrying amount of the related net assets into line with its fair value less costs to sell based on the fair value of the sales consideration.

Adjustments relating to business combinations

The $9 million gain during the year ended 31 December 2020 relates to adjustments in respect of business combinations in prior years.

2019

The $23 million gain during the year ended 31 December 2019 related to adjustments in respect of business combinations in prior years.

Adjustments relating to former operations

The net gain of $532 million ($391 million after tax and non-controlling interests) principally relates to contingent consideration adjustments in respect of disposals of the Group's interests in Rustenburg and Union (Platinum Group Metals) completed in 2016 and 2018 respectively. For further detail with respect to contingent consideration balances, see note 22.

2019

The net gain of $26 million after tax and non-controlling interests related to adjustments in respect of disposals completed in prior years.

Charges relating to BEE transactions

There were no charges relating to BEE transactions recorded in the year ended 31 December 2020.

2019

In 2019 the net loss of $11 million after tax and non-controlling interests related to a modification charge under IFRS 2 *Share-based Payments* following the refinancing of Ponahalo Investments (Pty) Ltd.

Financing special items and remeasurements

Financing special items and remeasurements principally comprise a net fair value loss of $31 million in respect of bond buybacks completed in the year, offset by net gains on derivatives hedging net debt and fair value and currency movements on the related borrowings of $23 million (2019: loss of $6 million).

Tax associated with special items and remeasurements

Tax associated with special items and remeasurements includes a tax remeasurement charge of $418 million principally arising on Brazilian deferred tax and a tax on special items credit of $72 million (2019: tax remeasurements charge of $406 million and credit of $602 million principally arising on Brazilian deferred tax).

Of the total tax charge of $346 million (2019: credit of $196 million), there is a net current tax credit of $32 million (2019: credit of $56 million) and a net deferred tax charge of $378 million (2019: credit of $140 million).

Associates' and joint ventures' special items and remeasurements

Associates' and joint ventures' special items and remeasurements of $77 million in the year ended 31 December 2020 principally relate to a $72 million charge in relation to impairment charges and restructuring costs in Manganese.

2019

There were no associates' and joint ventures' special items and remeasurements recorded in the year ended 31 December 2019.

Capital base

We have a value-focused approach to capital allocation with clear prioritisation: maintain asset integrity; pay dividends to our shareholders while ensuring a strong balance sheet. Discretionary capital is then allocated based on a balanced approach.

Value-disciplined capital allocation throughout the cycle is critical to protecting and enhancing our shareholders' capital, given the long term and capital intensive nature of our business.

The Group uses attributable return on capital employed (ROCE) to monitor how efficiently assets are generating profit on invested capital for the equity shareholders of the Company. Attributable ROCE is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Attributable ROCE decreased to 17% in the year ended 31 December 2020 (2019: 19%). Average attributable capital employed has increased to $30.5 billion (2019: $28.4 billion), primarily due to increased growth capital expenditure, largely at Quellaveco (Copper), working capital build and the acquisition of Sirius Minerals Plc.

	Attributable ROCE %	
	2020	2019
De Beers	**—**	2
Copper	**19**	16
Platinum Group Metals	**48**	38
Iron Ore	**41**	31
Coal	**(16)**	26
Nickel and Manganese	**17**	20
Crop Nutrients	**n/a**	n/a
Corporate and other	**n/a**	n/a
	17	19

9. Capital by segment

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Capital employed by segment
Capital employed is the principal measure of segment assets and liabilities reported to the Group Management Committee. Capital employed is defined as net assets excluding net debt and financial asset investments.

	Capital employed	
US$ million	**2020**	2019
De Beers	**8,967**	8,800
Copper	**9,128**	8,238
Platinum Group Metals	**4,967**	4,045
Iron Ore	**8,472**	8,363
Coal	**3,967**	3,787
Nickel and Manganese	**1,395**	2,305
Crop Nutrients	**988**	—
Corporate and other	**86**	38
Capital employed	**37,970**	35,576
Reconciliation to Consolidated balance sheet:		
Net debt	**(5,575)**	(4,626)
Debit valuation adjustment attributable to derivatives hedging net debt	**—**	1
Financial asset investments	**371**	434
Net assets	**32,766**	31,385

Capital base

9. Capital by segment continued

Non-current assets by location

US$ million	Intangible assets, Property, plant and equipment 2020	2019	Total non-current assets 2020	2019[(1)]
South Africa	**10,271**	10,265	**10,744**	10,789
Botswana	**3,829**	3,996	**3,829**	3,996
Other Africa	**1,071**	1,075	**1,078**	1,096
Brazil	**6,018**	6,699	**6,516**	7,076
Chile	**6,402**	6,323	**6,552**	6,514
Peru	**4,712**	3,428	**4,997**	3,687
Other South America	**1**	1	**367**	447
North America	**649**	634	**649**	634
Australia and Asia	**3,807**	3,364	**4,171**	3,783
United Kingdom[(2)]	**2,656**	1,424	**2,799**	1,560
Other Europe	**106**	78	**110**	79
Non-current assets by location	**39,522**	37,287	**41,812**	39,661
Unallocated assets			**3,227**	3,059
Total non-current assets			**45,039**	42,720

(1) 2019 amounts have been restated to reclassify Environmental rehabilitation trusts of $301 million from South Africa to unallocated assets and to reflect the change in policy in respect of inventories. See note 39A.
(2) United Kingdom is Anglo American plc's country of domicile.

Total non-current assets by location primarily comprise Intangible assets, Property, plant and equipment and Investments in associates and joint ventures.

10. Intangible assets

Overview
Intangible assets comprise goodwill acquired through business combinations, brands, contracts and other non-mining assets.

US$ million	2020 Brands, contracts and other intangibles	2020 Goodwill	2020 Total	2019 Brands, contracts and other intangibles	2019 Goodwill	2019 Total
Net book value						
At 1 January	**1,105**	**1,981**	**3,086**	1,111	1,976	3,087
Acquired through business combinations	**21**	**2**	**23**	—	—	—
Additions	**87**	**—**	**87**	48	51	99
Amortisation charge for the year	**(60)**	**—**	**(60)**	(63)	—	(63)
Impairments	**(8)**	**(2)**	**(10)**	—	(68)	(68)
Currency movements	**(5)**	**(18)**	**(23)**	9	22	31
At 31 December	**1,140**	**1,963**	**3,103**	1,105	1,981	3,086
Cost	**1,660**	**2,034**	**3,694**	1,574	2,049	3,623
Accumulated amortisation and impairment	**(520)**	**(71)**	**(591)**	(469)	(68)	(537)

Brands, contracts and other intangibles includes $979 million (2019: $1,026 million) relating to De Beers, principally comprising assets that were recognised at fair value on acquisition of a controlling interest in De Beers in August 2012. Of these, $517 million (2019: $517 million) have indefinite useful lives.

Further information
Goodwill relates to the following cash generating units (CGUs) or groups of CGUs:

US$ million	2020	2019
De Beers	**1,619**	1,636
Copper Chile	**124**	124
Platinum Group Metals	**209**	209
Other	**11**	12
	1,963	1,981

Accounting judgement
Goodwill is tested at least annually for impairment by assessing the recoverable amount of the related CGU or group of CGUs. The recoverable amounts have been determined based on fair value less costs of disposal using discounted cash flow projections. Other than in relation to De Beers as set out in note 7, management believes that any reasonably possible change in a key assumption on which the recoverable amounts are based would not cause the carrying values to exceed their recoverable amounts. The key assumptions used in determining the recoverable amounts are set out in note 7.

Accounting policy
See note 39D for the Group's accounting policies on intangible assets.

Capital base

11. Property, plant and equipment

Overview

Property, plant and equipment comprises the physical assets that make up the Group's operations. These include acquired mineral rights, capitalised waste stripping and mine development costs, processing plants and infrastructure, vehicles and other equipment.

							2020
	Owned and leased assets						
US$ million	Mining properties – Owned	Land and buildings – Owned	Land and buildings – Right-of-use assets	Plant and equipment – Owned	Plant and equipment – Right-of-use assets	Capital works in progress – Owned	Total
Net book value							
At 1 January	**11,078**	**1,845**	**159**	**14,237**	**289**	**6,593**	**34,201**
Acquired through business combinations	**7**	**40**	**12**	**2**	**—**	**949**	**1,010**
Additions	**398**	**2**	**95**	**148**	**123**	**4,411**	**5,177**
Depreciation charge for the year	**(968)**	**(82)**	**(42)**	**(1,446)**	**(135)**	**—**	**(2,673)**
Impairments	**(39)**	**(32)**	**(36)**	**(719)**	**(47)**	**(13)**	**(886)**
Disposals	**(43)**	**(31)**	**(11)**	**(64)**	**—**	**(156)**	**(305)**
Reclassifications	**694**	**43**	**—**	**1,160**	**—**	**(1,897)**	**—**
Currency movements	**(157)**	**(30)**	**3**	**14**	**(1)**	**66**	**(105)**
At 31 December	**10,970**	**1,755**	**180**	**13,332**	**229**	**9,953**	**36,419**
Cost	**26,599**	**2,868**	**300**	**32,944**	**625**	**10,251**	**73,587**
Accumulated depreciation and impairment	**(15,629)**	**(1,113)**	**(120)**	**(19,612)**	**(396)**	**(298)**	**(37,168)**

							2019
	Owned and leased assets						
US$ million	Mining properties – Owned	Land and buildings – Owned	Land and buildings – Right-of-use assets	Plant and equipment – Owned	Plant and equipment – Right-of-use assets	Capital works in progress – Owned	Total
Net book value							
At 31 December	10,616	1,786	—	13,652	—	4,844	30,898
Impact of adoption of IFRS 16 (note 38)	—	—	176	(63)	266	—	379
At 1 January	10,616	1,786	176	13,589	266	4,844	31,277
Additions	531	8	30	133	252	4,389	5,343
Depreciation charge for the year	(1,042)	(92)	(37)	(1,501)	(218)	—	(2,890)
Impairments	(16)	(61)	(8)	(249)	(11)	(243)	(588)
Impairments reversed	12	12	—	1,047	—	8	1,079
Disposals	(96)	(15)	(3)	(154)	(3)	(31)	(302)
Reclassifications	919	191	—	1,318	1	(2,429)	—
Currency movements	154	16	1	54	2	55	282
At 31 December	11,078	1,845	159	14,237	289	6,593	34,201
Cost	25,649	2,827	205	31,977	531	6,915	68,104
Accumulated depreciation and impairment	(14,571)	(982)	(46)	(17,740)	(242)	(322)	(33,903)

Additions include $170 million (2019: $72 million) of net interest expense incurred on borrowings which fund the construction of qualifying assets that have been capitalised during the year, principally for the Quellaveco copper project in Peru and the Woodsmith project in the UK.

Depreciation includes $2,553 million (2019: $2,765 million) of depreciation within operating profit, $56 million (2019: $86 million) of depreciation arising due to the fair value uplift on the pre-existing 45% shareholding in De Beers which has been included within operating remeasurements (see note 8), and $64 million (2019: $39 million) of pre-commercial production depreciation and assets used in capital projects which has been capitalised.

Disposals includes disposals of assets and businesses.

Capital base

11. Property, plant and equipment continued

Accounting judgements

Impairment testing

For the purposes of impairment testing, the recoverable amount of each of the cash generating units (CGUs) or group of CGUs has been determined based on a fair value less costs of disposal basis. The key assumptions used in determining fair value less costs of disposal are set out in note 7.

Deferred stripping

In certain mining operations, rock or soil overlying a mineral deposit, known as overburden, and other waste materials must be removed to access the orebody. The process of removing overburden and other mine waste materials is referred to as stripping.

The Group defers stripping costs onto the balance sheet where they are considered to improve access to ore in future periods. Where the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and Life of Mine Plan and therefore changes to the design or Life of Mine Plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

Accounting policy

See note 39D for the Group's accounting policies on property, plant and equipment.

12. Capital expenditure

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Capital expenditure by segment

US$ million	2020	2019
De Beers	381	567
Copper	1,443	1,078
Platinum Group Metals	571	569
Iron Ore	517	594
Coal	867	934
Nickel and Manganese	33	42
Crop Nutrients	292	—
Corporate and other	21	56
Capital expenditure	4,125	3,840
Reconciliation to Consolidated cash flow statement:		
Cash flows from derivatives related to capital expenditure	(11)	(9)
Proceeds from disposal of property, plant and equipment	7	8
Direct funding for capital expenditure received from non-controlling interests	526	844
Reimbursement of capital expenditure	—	61
Expenditure on property, plant and equipment	4,647	4,744

Direct funding for capital expenditure received from non-controlling interests represents capital expenditure relating to the Quellaveco project funded by Mitsubishi. Mitsubishi has continued to provide direct funding for its 40% share of capital expenditure via draw-downs against a committed shareholder facility which are recorded as borrowings on the Group's Consolidated balance sheet.

Capital expenditure by category

US$ million	2020	2019
Growth projects	1,438	847
Life-extension projects	296	358
Stay-in-business	1,566	1,656
Development and stripping	769	976
Proceeds from disposal of property, plant and equipment	(7)	(8)
Capitalised operating cash flows	63	11
	4,125	3,840

Growth projects and life-extension projects capital expenditure includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests. Stay-in-business capital expenditure is net of reimbursement of capital expenditure.

Capital base

13. Investments in associates and joint ventures

Overview

Investments in associates and joint ventures represent businesses the Group does not control, but instead exercises significant influence or joint control. These include (within the respective business units) the associates Cerrejón and Jellinbah (coal production in Coal segment) and the joint ventures Ferroport (port operations in Iron Ore segment) and Samancor (manganese mining and smelting in Nickel and Manganese segment). The Group's other investments in associates and joint ventures arise primarily in the Platinum Group Metals segment and Crop Nutrients segment.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

	2020			2019		
US$ million	Associates	Joint ventures	Total	Associates	Joint ventures	Total
At 1 January	**766**	**567**	**1,333**	1,136	579	1,715
Acquired through business combinations	**20**	**—**	**20**	—	—	—
Net income from associates and joint ventures	**(17)**	**120**	**103**	145	244	389
Other comprehensive income from associates and joint ventures	**—**	**—**	**—**	—	53	53
Dividends received	**(64)**	**(162)**	**(226)**	(210)	(310)	(520)
Investments in equity and capitalised loans	**8**	**6**	**14**	32	4	36
Impairments	**(4)**	**—**	**(4)**	(334)	—	(334)
Disposals	**—**	**(13)**	**(13)**	—	—	—
Other movements	**—**	**42**	**42**	—	—	—
Currency movements	**24**	**(35)**	**(11)**	(3)	(3)	(6)
At 31 December	**733**	**525**	**1,258**	766	567	1,333

Further information

The Group's total investments in associates and joint ventures include long term loans of $202 million (2019: $212 million), which in substance form part of the Group's net investment. These loans are not repayable in the foreseeable future.

The Group's share of the results of the associates and joint ventures is as follows:

Income statement

US$ million	2020	2019
Revenue	**1,436**	1,955
Operating costs (before special items and remeasurements)	**(1,073)**	(1,272)
Associates' and joint ventures' underlying EBIT	**363**	683
Net finance costs	**(22)**	(31)
Income tax expense	**(158)**	(258)
Non-controlling interests	**(3)**	(5)
Net income from associates and joint ventures (before special items and remeasurements)	**180**	389
Special items and remeasurements	**(79)**	—
Special items and remeasurements tax	**2**	—
Net income from associates and joint ventures	**103**	389

Balance sheet

US$ million	Associates	Joint ventures	Total
Non-current assets	**813**	**938**	**1,751**
Current assets	**439**	**369**	**808**
Current liabilities	**(149)**	**(226)**	**(375)**
Non-current liabilities	**(370)**	**(556)**	**(926)**
Net assets as at 31 December 2020	**733**	**525**	**1,258**
Net assets as at 31 December 2019	766	567	1,333

Capital base

13. Investments in associates and joint ventures continued

Further information

US$ million	Revenue	Underlying EBITDA	Underlying EBIT	Share of net income	Dividends received
					2020
Samancor	**697**	**304**	**245**	**39**	**163**
Cerrejón	**209**	**—**	**(83)**	**(75)**	**11**
Jellinbah	**303**	**93**	**80**	**56**	**49**
Ferroport	**114**	**95**	**94**	**64**	**—**
Other	**113**	**26**	**27**	**19**	**3**
	1,436	**518**	**363**	**103**	**226**

US$ million	Revenue	Underlying EBITDA	Underlying EBIT	Share of net income	Dividends received
					2019
Samancor	926	443	388	200	300
Cerrejón	494	130	25	9	66
Jellinbah	438	206	193	135	139
Ferroport	90	73	66	34	—
Other	7	15	11	11	15
	1,955	867	683	389	520

	Aggregate investment	
US$ million	**2020**	2019
Samancor	**230**	357
Cerrejón	**400**	487
Jellinbah	**271**	240
Ferroport	**229**	152
Other	**128**	97
	1,258	1,333

Accounting judgements

Impairment

The Group's investment in Cerrejón was previously impaired by $0.3 billion in 2019. During the year, the recoverable amount of the investment was reassessed and found to support the carrying value (see note 7).

The Group has recorded its share of an impairment recorded against the property, plant and equipment of Samancor (see note 8). No indicators of impairment were identified for the Group's investments in Samancor.

No indicators of impairment were identified for the Group's remaining investments in associates and joint ventures.

Accounting policy

See note 39I for the Group's accounting policy on associates and joint arrangements, which includes joint ventures.

Capital base

14. Financial asset investments

Overview
Financial asset investments include three categories. Financial assets at amortised cost principally comprise loans to and deposits with third parties including the Group's associates and joint ventures. Assets classified at fair value through other comprehensive income principally comprise investments in equities of other companies. Financial assets held at fair value through profit and loss comprise financial assets that do not meet the criteria to be classified under either of the other two categories.

				2020				2019
US$ million	Financial assets at amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Total	Financial assets at amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Total
At 1 January	**373**	**3**	**58**	**434**	358	—	38	396
Additions	**—**	**—**	**3**	**3**	—	—	4	4
Interest receivable	**7**	**—**	**—**	**7**	19	—	—	19
Net loans (repaid)/advanced	**(67)**	**—**	**—**	**(67)**	33	17	—	50
Disposals	**—**	**—**	**(9)**	**(9)**	—	—	—	—
Impairments	**(20)**	**—**	**—**	**(20)**	(5)	—	—	(5)
Fair value and other movements	**(23)**	**28**	**77**	**82**	—	(14)	21	7
Currency movements	**(63)**	**2**	**2**	**(59)**	(32)	—	(5)	(37)
At 31 December	**207**	**33**	**131**	**371**	373	3	58	434

Accounting policy
See note 39D for the Group's accounting policies on financial asset investments.

15. Provisions for liabilities and charges

Overview

US$ million	Environmental restoration	Decommissioning	Employee benefits	Onerous contracts	Legal	Restructuring	Other	Total
At 1 January	**(1,594)**	**(660)**	**(138)**	**(40)**	**(388)**	**(19)**	**(234)**	**(3,073)**
Charged to the income statement	**(344)**	**(45)**	**(48)**	**(4)**	**28**	**(53)**	**(39)**	**(505)**
Capitalised	**(27)**	**(198)**	**—**	**—**	**(7)**	**—**	**(39)**	**(271)**
Unwinding of discount	**(68)**	**(25)**	**—**	**(1)**	**—**	**—**	**—**	**(94)**
Amounts applied	**41**	**28**	**32**	**6**	**48**	**34**	**35**	**224**
Unused amounts reversed	**32**	**(4)**	**1**	**21**	**1**	**—**	**53**	**104**
Disposals	**2**	**3**	**—**	**—**	**—**	**—**	**(15)**	**(10)**
Other movements	**(5)**	**1**	**(1)**	**—**	**—**	**—**	**—**	**(5)**
Currency movements	**(27)**	**(63)**	**(16)**	**(1)**	**52**	**1**	**16**	**(38)**
At 31 December	**(1,990)**	**(963)**	**(170)**	**(19)**	**(266)**	**(37)**	**(223)**	**(3,668)**
Current	**(116)**	**(21)**	**(154)**	**(8)**	**(55)**	**(36)**	**(205)**	**(595)**
Non-current	**(1,874)**	**(942)**	**(16)**	**(11)**	**(211)**	**(1)**	**(18)**	**(3,073)**

Further information
Environmental restoration
The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs, based on management's best estimate of the legal and constructive obligations incurred. Changes in legislation could result in changes in provisions recognised. It is anticipated that the majority of these costs will be incurred over a period in excess of 10 years.

Decommissioning
Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that the majority of these costs will be incurred over a period in excess of 20 years.

The pre-tax, real discount rates that have been used in calculating the environmental restoration and decommissioning liabilities as at 31 December 2020, in the principal currencies in which these liabilities are denominated and with matching maturities to the timelines are as follows: US dollar: 0.0%-0.1% (2019: 1.5%); South African rand: 4.3%-4.9% (2019: 4.0%); Australian dollar: 0.0%-0.3% (2019: 2.0%); Chilean peso: 0.0%-1.4% (2019: 2.5%); and Brazilian real: 3.4%-4.4% (2019: 6.0%).

Decommissioning amounts capitalised and Environmental Restoration charged to the income statement in the year are principally driven by changes in the discount rates and other changes in underlying estimates.

Employee benefits
Provision is made for statutory or contractual employee entitlements where there is significant uncertainty over the timing or amount of settlement. It is anticipated that these costs will be incurred when employees choose to take their benefits.

Onerous contracts
Provision is made for the present value of certain long term contracts where the unavoidable cost of meeting the Group's obligations is expected to exceed the benefits to be received. It is anticipated that the majority of these costs will be incurred over a period of up to six years.

Capital base

15. Provisions for liabilities and charges continued

Other
Other provisions primarily relate to social commitments in Quellaveco and other claims and liabilities.

Environmental rehabilitation trusts
The Group makes contributions to controlled funds that were established to meet the cost of some of its restoration and environmental rehabilitation liabilities in South Africa. The funds comprise the following investments, which with the exception of some cash balances, are held in unit trusts:

US$ million	2020	2019
Equity	**92**	97
Bonds	**152**	147
Cash and cash equivalents	**57**	57
	301	301

These assets are primarily denominated in South African rand. Where not held in a unit trust, cash and cash equivalents are held in short term fixed deposits or earn interest at floating inter-bank rates. Bonds held in unit trusts earn interest at a weighted average fixed rate of 8.0% (2019: 8.0%) for an average period of five years (2019: six years). Amounts held in unit trusts are recorded at fair value through profit and loss. Investments in unit trusts with a fair value of $198 million are at level 1 in the fair value hierarchy, as defined in IFRS 13 *Fair value measurement* and set out in note 22. The remaining amounts of $86 million held in unit trusts are at level 2 in the fair value hierarchy.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions stated above.

Accounting judgements
Environmental restoration and decommissioning provisions
The recognition and measurement of environmental restoration and decommissioning provisions requires judgement and is based on assumptions and estimates, including the required closure and rehabilitation costs, the timing of future cash flows, and the discount rates applied. The Group considers that no reasonably possible change to a single assumption would have a material impact on the provisions, however a combination of changes in multiple assumptions may.

The Group considers the impact of climate change on environmental restoration and decommissioning provisions, specifically the timing of future cash flows, and has concluded that it does not currently represent a key source of estimation uncertainty. Changes to legislation, including in relation to climate change, are factored into the provisions when the legislation becomes enacted.

Accounting policy
See note 39D for the Group's accounting policy on environmental restoration and decommissioning obligations.

16. Deferred tax

Overview
The movement in net deferred tax liabilities during the year is as follows:

US$ million	2020	2019
At 1 January	**(2,865)**	(2,766)
Acquired through business combinations	**(8)**	—
Charged to the income statement	**(314)**	(52)
Charged to equity	**(26)**	(7)
Currency movements	**48**	(40)
At 31 December	**(3,165)**	(2,865)

Capital base

16. Deferred tax continued

Further information

Where there is a right of offset of deferred tax balances within the same tax jurisdiction, IAS 12 *Income Taxes* requires these to be presented after such offset in the Consolidated balance sheet. The prior period disclosure was previously shown after offset. The closing deferred tax balances before this offset are as follows:

US$ million	2020	2019
Deferred tax assets before offset		
Tax losses	**903**	491
Post employment benefits	**25**	61
Share-based payments	**17**	6
Enhanced tax depreciation	**288**	261
Depreciation in excess of capital allowances	**715**	791
Other temporary differences	**985**	1,116
	2,933	2,726
Deferred tax liabilities before offset		
Capital allowances in excess of depreciation	**(3,710)**	(3,504)
Fair value adjustments	**(724)**	(694)
Withholding tax	**(131)**	(100)
Other temporary differences	**(1,533)**	(1,293)
	(6,098)	(5,591)

The closing deferred tax balances after offset are as follows:

US$ million	2020	2019
Deferred tax assets	**639**	1,057
Deferred tax liabilities	**(3,804)**	(3,922)
	(3,165)	(2,865)

Other temporary differences primarily arise in relation to deferred stripping costs, functional currency differences and post employment benefits.

The amount of deferred tax charged to the Consolidated income statement is as follows:

US$ million	2020	2019
Capital allowances in excess of depreciation	**(292)**	(505)
Fair value adjustments	**(14)**	70
Tax losses	**303**	694
Provisions	**68**	171
Other temporary differences	**(379)**	(482)
	(314)	(52)

Deferred tax charged to the income statement includes a charge of $418 million (2019: $406 million) relating to deferred tax remeasurements and a credit of $40 million (2019: $546 million) relating to deferred tax on special items.

A net deferred tax asset of $380 million (2019: $808 million) is recognised in Brazil in relation to the Minas-Rio iron ore and Barro Alto nickel mines. This relates primarily to tax losses, deductible goodwill and fixed asset temporary differences, and is partially offset by functional currency taxable temporary differences. Deferred tax assets are recognised to the extent that the business has forecast taxable profits against which the assets can be recovered.

The Group has the following temporary differences for which no deferred tax assets have been recognised:

	2020				2019			
US$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Expiry date								
Less than five years	**2**	**—**	**113**	**115**	21	—	—	21
Greater than five years	**103**	**—**	**—**	**103**	17	—	1,680	1,697
No expiry date	**5,423**	**2,124**	**4,145**	**11,692**	5,486	2,157	1,390	9,033
	5,528	**2,124**	**4,258**	**11,910**	5,524	2,157	3,070	10,751

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures and joint operations where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The Group uses the Board approved forecasts as the basis for the profits expected to arise in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries, branches, associates and interests in joint ventures and joint operations is represented by the contribution of those investments to the Group's retained earnings and amounted to $18,605 million (2019 restated: $17,981 million).

Accounting judgements

Recognition of deferred tax asset

In accordance with the requirements of IAS 12 *Income Taxes*, the Group reassesses the recognition and recoverability of deferred tax assets at the end of each reporting period. See note 7.

Accounting policy

See note 39G for the Group's accounting policy on tax.

Working capital

This section includes analysis of inventories, receivables and payables. These balances principally relate to current assets and liabilities held to support operating activities.

US$ million	2020	2019
Inventories	**6,569**	4,962
Trade and other receivables	**4,873**	3,062
Trade and other payables	**(7,013)**	(5,499)
	4,429	2,525

Net working capital increased in 2020 led by increased inventory, particularly at Platinum Group Metals following repairs to the Anglo Converter Plant affecting refining activity during the year, as well as the impact of Covid-19 on demand for diamonds. The increase in operating receivables largely offset the increase in operating payables.

17. Inventories

Overview
Inventories represent goods held for sale in the ordinary course of business (finished products), ore being processed into a saleable condition (work in progress) and spares, raw materials and consumables to be used in the production process (raw materials and consumables).

			2020			2019[1]
US$ million	**Expected to be used within one year**	**Expected to be used after more than one year**	**Total**	Expected to be used within one year	Expected to be used after more than one year	Total
Raw materials and consumables	**810**	**—**	**810**	787	—	787
Work in progress	**2,948**	**599**	**3,547**	1,460	643	2,103
Finished products	**2,212**	**—**	**2,212**	2,072	—	2,072
	5,970	**599**	**6,569**	4,319	643	4,962

(1) In 2019, inventories expected to be processed in a period greater than 12 months from the balance sheet date were included within current inventories but due to a change in accounting policy have been reclassified. See note 39A.

Further information
The cost of inventories recognised as an expense and included in cost of sales amounted to $17,468 million (2019 restated: $17,393 million). The write-down of inventories to net realisable value (net of revaluation of provisionally priced purchases) amounted to $360 million (2019: $140 million).

Accounting judgements
Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of work in progress inventory within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group taking into account technical analysis and historical performance.

Accounting policy
See note 39E for the Group's accounting policy on inventories and note 39A for the change in inventories accounting policy during the year and the impact on the prior year.

Working capital

18. Trade and other receivables

Overview
Trade receivables are amounts due from the Group's customers for commodities and services the Group has provided. Many of the Group's sales are provisionally priced, which means that the price is finalised at a date after the sale takes place. When there is uncertainty about the final amount that will be received, the receivable is marked to market based on the forward price.

Trade and other receivables also includes amounts receivable for VAT and other indirect taxes, prepaid expenses and amounts receivable from others for non-sale transactions. Contract assets represent amounts receivable for ongoing construction projects and amounts receivable from external parties for non-sale transactions from the Group's operations.

			2020			2019
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	**1,984**	**42**	**2,026**	1,212	19	1,231
Tax receivables	**609**	**351**	**960**	554	342	896
Accrued income	**133**	**–**	**133**	84	–	84
Prepayments	**438**	**70**	**508**	151	44	195
Contract assets	**126**	**–**	**126**	46	–	46
Other receivables	**596**	**524**	**1,120**	339	271	610
	3,886	**987**	**4,873**	2,386	676	3,062

Further information
The Group applies the simplified expected credit loss model for its trade receivables measured at amortised cost, as permitted by IFRS 9 *Financial Instruments*. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and financial metrics, adjusted as appropriate for current observable data.

As part of its approach to working capital management the Group uses debtor discounting arrangements. These arrangements are on a non-recourse basis and hence the related receivables are derecognised from the Group balance sheet.

Of the year end trade receivables balance, $54 million (2019: $35 million) were past due, stated after an associated impairment provision of $18 million (2019: $22 million). Given the use of payment security instruments (including letters of credit from acceptable financial institutions), and the nature of the related counterparties, these amounts are considered recoverable. The historical level of customer default is minimal and there is no current observable data to indicate a material future default. As a result the credit quality of year end trade receivables is considered to be high.

Trade receivables do not incur any interest, are principally short term in nature and are measured at their nominal value (with the exception of receivables relating to provisionally priced sales, as set out in the revenue recognition accounting policy, see note 39C), net of appropriate provision for estimated irrecoverable amounts.

19. Trade and other payables

Overview
Trade and other payables include amounts owed to suppliers, tax authorities and other parties that are typically due to be settled within 12 months. The total also includes contract liabilities, which represents monies received from customers but for which we have not yet delivered the associated service. These amounts are recognised as revenue when the service is provided. All revenue relating to performance obligations which were incomplete as at 31 December 2019 was recognised during the year. Other payables includes deferred consideration in respect of business combinations and dividends payable to non-controlling interests.

US$ million	2020	2019
Trade payables	**2,974**	2,543
Accruals	**1,714**	1,635
Contract liabilities and deferred income	**1,400**	764
Tax and social security	**116**	81
Other payables	**809**	476
	7,013	5,499

Further information
Trade payables are non-interest bearing and are measured at their nominal value (with the exception of payables relating to provisionally priced commodity purchases which are marked to market using the appropriate forward price) until settled. $321 million (2019: $126 million) of other payables are included within non-current liabilities.

Contract liabilities and deferred income represent $1,263 million (2019: $694 million) for payments received in advance for metal which is expected to be delivered within six months and $115 million (2019: $53 million) in respect of freight and performance obligations which are expected to be completed within 30 to 45 days.

Net debt and financial risk management

Net debt increased from $4.6 billion to $5.6 billion during the year, driven by an inventory build following repairs to the Anglo Converter Plant at Platinum Group Metals as well as the impact of Covid-19 on demand for diamonds.

Gearing has increased from 13% at 31 December 2019 to 15% at 31 December 2020.

US$ million	2020	2019
Net assets	**32,766**	31,385
Net debt including related derivatives (note 20)	**5,575**	4,626
Total capital	**38,341**	36,011
Gearing	**15%**	13%

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives that provide an economic hedge of net debt but excluding the impact of the debit valuation adjustment on these derivatives). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt.

20. Net debt

Overview

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Movement in net debt

US$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt	Net debt including derivatives
At 1 January 2019	6,548	(729)	(8,692)	(2,873)	(444)	(3,317)
Cash flow[1]	(168)	998	(1,396)	(566)	152	(414)
Interest accrued on borrowings	—	(424)	(29)	(453)	—	(453)
Reclassifications	—	(593)	593	—	—	—
Movement in fair value	—	(3)	(231)	(234)	53	(181)
Other movements	—	(222)	(62)	(284)	—	(284)
Currency movements	(45)	(5)	73	23	—	23
At 31 December 2019	**6,335**	**(978)**	**(9,744)**	**(4,387)**	**(239)**	**(4,626)**
Acquired through business combinations	**—**	**(5)**	**(253)**	**(258)**	**—**	**(258)**
Cash flow	**1,162**	**1,487**	**(2,748)**	**(99)**	**20**	**(79)**
Interest accrued on borrowings	**—**	**(493)**	**(58)**	**(551)**	**—**	**(551)**
Reclassifications	**—**	**(1,055)**	**1,055**	**—**	**—**	**—**
Movement in fair value	**—**	**3**	**(197)**	**(194)**	**634**	**440**
Other movements	**—**	**(66)**	**(41)**	**(107)**	**—**	**(107)**
Currency movements	**11**	**(74)**	**(331)**	**(394)**	**—**	**(394)**
At 31 December 2020	**7,508**	**(1,181)**	**(12,317)**	**(5,990)**	**415**	**(5,575)**

[1] Cash flow includes $415 million interest paid previously presented on a net basis against $453 million of interest accrued within Other movements.

Other movements include $227 million relating to leases entered into in the year ended 31 December 2020 (2019: $306 million).

Net debt and financial risk management

20. Net debt continued

Further information

Reconciliation to the Consolidated balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2020	2019	2020	2019	2020	2019
Balance sheet	**7,521**	6,345	**(1,194)**	(990)	**(12,317)**	(9,744)
Balance sheet – disposal groups	**–**	2	**–**	–	**–**	–
Bank overdrafts	**(13)**	(12)	**13**	12	**–**	–
Net cash/(debt) classifications	**7,508**	6,335	**(1,181)**	(978)	**(12,317)**	(9,744)

South Africa net cash

The Group operates in South Africa where the existence of exchange controls may restrict the use of certain cash balances. The Group therefore monitors the cash and debt associated with these operations separately. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations. On an owned basis cash and cash equivalents in South Africa is $5,658 million (2019: $5,001 million) and net cash is $4,407 million (2019: $4,282 million).

As part of the Group cash pooling arrangement, cash and cash equivalents that are legally owned by South African companies are managed outside of South Africa. Below is a breakdown of net debt managed in South Africa:

US$ million	2020	2019
Cash and cash equivalents	**367**	389
Short term borrowings	**(173)**	(42)
Medium and long term borrowings	**(1,079)**	(678)
Net debt excluding derivatives	**(885)**	(331)
Derivatives hedging net debt	**1**	1
Net debt including derivatives	**(884)**	(330)

On 26 February 2020, South Africa's Minister of Finance announced in his Budget Speech that the country would shift from a policy of exchange controls to a risk-based capital flow management system in line with international best practice and in order to facilitate cross-border financial transactions, in support of trade and investment. This change aligns South Africa with the foreign direct investment criteria implemented by other OECD nations and removes the previous restrictions on the Group's ability to permanently remit cash earned from operating activities in South Africa, aligning the Group with other global companies that operate in South Africa.

Subsequently, on 24 February 2021, South Africa's Minister of Finance announced that from 1 March 2021, specific rules for companies with a primary listing offshore will be automatically aligned to current foreign direct investment rules. Separate disclosure of the Group's South African cash and debt balances will therefore no longer be relevant.

During 2021, the South African National Treasury and the Reserve Bank will continue to develop the legislative framework for the new capital flow management system announced in the 2020 Budget. This framework is expected to be substantively completed in 2021.

Other

The debit valuation adjustments of nil (2019: $1 million) reduce the valuation of derivative liabilities hedging net debt reflecting the impact of the Group's own credit risk. These adjustments are excluded from the Group's definition of net debt.

Cash and cash equivalents includes $357 million (2019: $338 million) which is restricted. This primarily relates to cash which is required to cover initial margin on trading exchanges and cash which is held in joint operations where the timing of dividends is jointly controlled by the joint operators.

Accounting policy

See note 39F for the Group's accounting policy on cash and debt.

Net debt and financial risk management

21. Borrowings

Overview

The Group borrows mostly in the capital markets through bonds issued in the US markets, under the Euro Medium Term Note (EMTN) programme and the South African Domestic Medium Term Note (DMTN) programme. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are floating rate US dollar denominated.

In April 2020, the Group issued $750 million 5.375% Senior Notes due 2025 and $750 million 5.625% Senior Notes due 2030 as part of the Group's routine financing. In September 2020, the Group issued $1,000 million 2.625% Senior Notes due 2030 and $500 million 3.950% Senior Notes due 2050, which were used to fund a liability management exercise to redeem $0.5 billion of bonds maturing in 2021 and $1.0 billion of bonds maturing in 2022 as part of the funding objective to reduce near term debt maturities and increase the average maturity of the Group's bond portfolio.

At 31 December 2020, the following bonds were retained as fixed rate exposures; $750 million 5.375% due April 2025, $750 million 5.635% due April 2030, $500 million 3.95% due September 2050 and $99 million 5% due May 2027. All other bonds at 31 December 2020, and all bonds at 31 December 2019 were swapped to floating rate exposures.

Further information

	2020				2019			
US$ million	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedge rates	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedge rates
Secured								
Bank loans and overdrafts	**25**	**33**	**58**	**58**	26	15	41	41
Leases	**179**	**364**	**543**	**543**	209	345	554	554
Other loans	**—**	**—**	**—**	**—**	12	108	120	120
	204	**397**	**601**	**601**	247	468	715	715
Unsecured								
Bank loans and overdrafts	**252**	**553**	**805**	**805**	131	93	224	224
Bonds issued under EMTN programme								
1.5% €139m bond due April 2020	**—**	**—**	**—**	**—**	155	—	155	152
2.875% €281m bond due November 2020	**—**	**—**	**—**	**—**	320	—	320	377
2.5% €241m bond due April 2021[1]	**298**	**—**	**298**	**313**	—	432	432	492
3.5% €433m bond due March 2022[1]	**—**	**553**	**553**	**572**	—	890	890	992
3.25% €750m bond due April 2023	**—**	**964**	**964**	**1,033**	—	889	889	1,033
1.625% €600m bond due September 2025	**—**	**771**	**771**	**714**	—	695	695	714
1.625% €500m bond due March 2026	**—**	**635**	**635**	**566**	—	569	569	566
3.375% £300m bond due March 2029	**—**	**438**	**438**	**395**	—	400	400	395
US bonds								
4.125% $193m bond due April 2021[1]	**193**	**—**	**193**	**193**	—	502	502	500
3.75% $300m bond due April 2022	**—**	**—**	**—**	**—**	—	301	301	300
4.125% $360m bond due September 2022[1]	**—**	**369**	**369**	**360**	—	599	599	600
3.625% $650m bond due September 2024	**—**	**687**	**687**	**650**	—	654	654	650
5.375% $750m bond due April 2025	**—**	**748**	**748**	**750**	—	—	—	—
4.875% $650m bond due May 2025	**—**	**698**	**698**	**650**	—	661	661	650
4.75% $700m bond due April 2027	**—**	**774**	**774**	**700**	—	723	723	700
5% $99m bond due May 2027[2]	**—**	**107**	**107**	**159**	—	—	—	—
4% $650m bond due September 2027	**—**	**712**	**712**	**650**	—	661	661	650
4.5% $650m bond due March 2028	**—**	**746**	**746**	**650**	—	696	696	650
5.625% $750m bond due April 2030	**—**	**743**	**743**	**750**	—	—	—	—
2.625% $1,000m bond due September 2030	**—**	**957**	**957**	**1,000**	—	—	—	—
3.95% $500m bond due September 2050	**—**	**498**	**498**	**500**	—	—	—	—
Bonds issued under DMTN programme								
9.49% R650m bond due April 2021	**45**	**—**	**45**	**44**	—	47	47	46
JIBAR+1.47% R400m bond due April 2021	**27**	**—**	**27**	**27**	—	29	29	29
Mitsubishi facility	**—**	**967**	**967**	**967**	—	435	435	435
Interest payable and other loans	**175**	**—**	**175**	**175**	137	—	137	137
	990	**11,920**	**12,910**	**12,623**	743	9,276	10,019	10,292
Total borrowings	**1,194**	**12,317**	**13,511**	**13,224**	990	9,744	10,734	11,007

[1] Outstanding value of bond shown subsequent to bond buyback transactions completed in September 2020.
[2] Bond acquired as part of the acquisition of Sirius Minerals Plc (Crop Nutrients). At maturity the bond will be redeemed at 160% of par value.

Accounting policy

See note 39F for the Group's accounting policies on bank borrowings and lease liabilities.

Net debt and financial risk management

22. Financial instruments and derivatives

Financial instruments overview

For financial assets and liabilities which are traded on an active market, such as listed investments or listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, and based on observable market data where available (for example forward exchange rate, interest rate or commodity price curve), unless carrying value is considered to approximate fair value.

Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 *Fair Value Measurement*, as they depend to a significant extent on unobservable valuation inputs.

All derivatives that have been designated into hedge relationships have been separately disclosed.

						2020
US$ million	At fair value through profit and loss	Financial assets at amortised cost	At fair value through other comprehensive income	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets						
Trade and other receivables	**2,173**	**1,121**	**—**	**—**	**—**	**3,294**
Derivative financial assets	**175**	**—**	**—**	**567**	**—**	**742**
Cash and cash equivalents	**6,336**	**1,185**	**—**	**—**	**—**	**7,521**
Financial asset investments	**33**	**207**	**131**	**—**	**—**	**371**
	8,717	**2,513**	**131**	**567**	**—**	**11,928**
Financial liabilities						
Trade and other payables	**(723)**	**—**	**—**	**—**	**(4,774)**	**(5,497)**
Derivative financial liabilities	**(380)**	**—**	**—**	**(26)**	**—**	**(406)**
Royalty liability (note 33)	**—**	**—**	**—**	**—**	**(340)**	**(340)**
Borrowings	**—**	**—**	**—**	**(8,953)**	**(4,558)**	**(13,511)**
	(1,103)	**—**	**—**	**(8,979)**	**(9,672)**	**(19,754)**
Net financial assets/(liabilities)	**7,614**	**2,513**	**131**	**(8,412)**	**(9,672)**	**(7,826)**

						2019[1]
US$ million	At fair value through profit and loss	Financial assets at amortised cost	At fair value through other comprehensive income	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets						
Trade and other receivables	1,166	766	—	—	—	1,932
Derivative financial assets	79	—	—	354	—	433
Cash and cash equivalents	4,282	2,063	—	—	—	6,345
Financial asset investments	3	373	58	—	—	434
	5,530	3,202	58	354	—	9,144
Financial liabilities						
Trade and other payables[1]	(338)	—	—	—	(4,316)	(4,654)
Derivative financial liabilities	(677)	—	—	—	—	(677)
Borrowings	—	—	—	(9,320)	(1,414)	(10,734)
	(1,015)	—	—	(9,320)	(5,730)	(16,065)
Net financial assets/(liabilities)	4,515	3,202	58	(8,966)	(5,730)	(6,921)

[1] Certain trade and other payables relating to provisional pricing arrangements were previously incorrectly classified as financial liabilities measured at fair value through profit and loss. These have been reclassified to measured at amortised cost. 2019 comparatives have been restated by $606 million.

The Group's cash and cash equivalents at 31 December 2020 include $6,336 million (2019: $4,282 million) held in high grade money market funds. These funds are selected to ensure compliance with the minimum credit rating requirements and counterparty exposure limits set out in the Group's Treasury policy.

Financial instrument disclosures in respect of assets held in environmental rehabilitation trusts are presented in note 15 as these funds can only be used to meet specific environmental obligations.

Net debt and financial risk management

22. Financial instruments and derivatives continued

Fair value hierarchy

An analysis of financial assets and liabilities carried at fair value is set out below:

				2020				2019[1]
US$ million	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
At fair value through profit and loss								
Provisionally priced trade receivables	—	1,547	—	1,547	—	847	—	847
Other receivables	—	—	626	626	—	—	319	319
Derivatives hedging net debt	—	79	—	79	—	8	—	8
Other derivatives	8	88	—	96	—	71	—	71
Cash and cash equivalents	6,336	—	—	6,336	4,280	2	—	4,282
Financial asset investments	—	31	2	33	—	—	3	3
Designated into hedges								
Derivatives hedging net debt	—	567	—	567	—	354	—	354
At fair value through other comprehensive income								
Financial asset investments	108	—	23	131	11	—	47	58
	6,452	2,312	651	9,415	4,291	1,282	369	5,942
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	—	(288)	—	(288)	—	(160)	—	(160)
Other payables	—	—	(435)	(435)	—	—	(178)	(178)
Derivatives hedging net debt	—	(205)	—	(205)	—	(601)	—	(601)
Other derivatives	(1)	(174)	—	(175)	(2)	(75)	—	(77)
Debit valuation adjustment to derivative liabilities	—	—	—	—	—	1	—	1
Designated into hedges								
Derivatives hedging net debt	—	(26)	—	(26)	—	—	—	—
	(1)	(693)	(435)	(1,129)	(2)	(835)	(178)	(1,015)
Net assets carried at fair value	6,451	1,619	216	8,286	4,289	447	191	4,927

[1] Certain trade and other payables relating to provisional pricing arrangements were previously incorrectly classified as financial liabilities measured at fair value through profit and loss (identified as level 2 financial instruments in the fair value hierarchy). These have been reclassified to measured at amortised cost with an embedded derivative held at fair value. 2019 comparatives have been restated to remove $606 million of liabilities from the fair value hierarchy.

Fair value hierarchy	Valuation technique
Level 1	Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes cash and cash equivalents held in money market funds, listed equity shares and quoted futures.
Level 2	Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. This category includes provisionally priced trade receivables and payables and over-the-counter derivatives.
Level 3	Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. This category includes contingent consideration, receivables relating to disposals, unlisted equity investments and the embedded derivative relating to the Royalty liability.

The movements in the fair value of the level 3 financial assets and liabilities are shown as follows:

		Assets		Liabilities
US$ million	2020	2019	2020	2019
At 1 January	369	298	(178)	(158)
Net profit/(loss) recorded in the income statement	492	53	(271)	(30)
Net profit recorded in the statement of comprehensive income	5	22	—	—
Reclassification (from)/to level 3 financial assets	(26)	17	—	—
Settlements and disposals	(207)	(28)	36	13
Currency movements	18	7	(22)	(3)
At 31 December	651	369	(435)	(178)

Net debt and financial risk management

22. Financial instruments and derivatives continued

For the level 3 financial assets and liabilities, changing certain estimated inputs to reasonably possible alternative assumptions would impact the fair value as follows:

Level 3 fair value sensitivities

Rustenburg Mine (Platinum Group Metals)

Deferred consideration of $474 million (2019: $160 million) is calculated as 35% of the distributable free cash flows generated by Sibanye-Stillwater's Rustenburg Mine over a six-year period from inception in November 2016, subject to a minimum receipt of $0.2 billion. The movement for the current period relates to changes in cash flows.

Union Mine (Platinum Group Metals)

Deferred consideration of $120 million (2019: nil) is calculated as 35% of the positive distributable free cash flows generated by Union Mine over an 11-year period from inception in February 2018. The movement for the period relates to increases in PGM prices and fluctuations in the ZAR:USD exchange rate. In terms of the agreement if the cumulative deferred consideration is negative at the end of the eleven year period, AAP will be obligated to repay Siyanda the cumulative deferred consideration received.

Mototolo Mine (Platinum Group Metals)

Deferred consideration of $357 million (2019: $108 million) is payable monthly over a period of 72 months from the effective date of acquisition in November 2018 in monthly instalments, as well as annual top-up payments where applicable. The deferred consideration is remeasured based on the actual PGM 4E prices realised over the deferred consideration period. The maximum amount payable is limited to $1.5 billion. The movement for the period relates to increases in PGM prices and fluctuations in the ZAR:USD exchange rate.

US$ million	2020	2019
Deferred consideration/financial assets		
Rustenburg deferred consideration		
10% change in exchange rates		
Reduction to profit or loss	**71**	16
Increase to profit or loss	**71**	61
10% change in PGM prices		
Reduction in profit or loss	**71**	16
Increase to profit or loss	**71**	61
Union Mine deferred consideration		
10% change in exchange rates		
Reduction in profit or loss	**46**	–
Increase to profit or loss	**51**	–
10% change in PGM prices		
Reduction in profit or loss	**46**	–
Increase to profit or loss	**51**	–
Deferred consideration/financial liabilities		
Mototolo deferred consideration		
10% change in PGM prices		
Reduction in profit or loss	**45**	33
Increase to profit or loss	**45**	33
10% change in exchange rates		
Reduction in profit or loss	**45**	33
Increase to profit or loss	**45**	33

Further information on financial instruments

Borrowings designated in fair value hedges represent listed debt which is held at amortised cost, adjusted for the fair value of the hedged interest rate risk. The fair value of these borrowings is $9,340 million (2019: $9,598 million), which is measured using quoted indicative broker prices and consequently categorised as level 2 in the fair value hierarchy. The carrying value of the remaining borrowings at amortised cost includes bonds which are not designated into hedge relationships, bank borrowings and lease liabilities. The carrying value of these bonds is $2,150 million (2019: $29 million) and the fair value is $2,606 million (2019: $29 million). The carrying value of the remaining borrowings at amortised cost are considered to approximate the fair value.

Offsetting of financial assets and liabilities

The Group offsets financial assets and liabilities and presents them on a net basis in the Consolidated balance sheet only where there is a legally enforceable right to offset the recognised amounts, and the Group intends to either settle the recognised amounts on a net basis or to realise the asset and settle the liability simultaneously.

At 31 December 2020, certain over-the-counter derivatives entered into by the Group and recognised at fair value through profit and loss are both subject to enforceable ISDA master netting arrangements and intended to be settled on a net basis. In accordance with the requirements of IAS 32 *Financial Instruments: Presentation*, the positions of these derivatives have been offset; those in a liability position totalling $16 million (2019: $28 million liability position) were offset against those in an asset position totalling $665 million (2019: $62 million asset position). The net asset position of $649 million (2019: $34 million net asset position) is presented within derivative assets (2019: within derivative assets) in the Consolidated balance sheet.

If certain credit events (such as default) were to occur additional derivative instruments would be settled on a net basis under ISDA agreements. Interest rate and cross currency interest rate swaps in a liability position totalling $210 million (2019: $334 million asset position) would be offset against those in an asset position totalling $645 million (2019: $600 million liability position). These instruments are presented on a gross basis in the Consolidated balance sheet as the Group does not have a legally enforceable right to offset the amounts in the absence of a credit event occurring.

Net debt and financial risk management

22. Financial instruments and derivatives continued

Derivatives overview

The Group utilises derivative instruments to manage certain market risk exposures; however, it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as 'Held for trading' and fair value movements are recorded in the Consolidated income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Fair value hedges

In accordance with the Group's policy, interest rate swaps are taken out to swap the Group's fixed rate borrowings to floating rate. These have been designated as fair value hedges. The carrying value of the hedged debt is adjusted at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. At 31 December 2020, this adjustment was to increase the carrying value of borrowings by $458 million (2019: $264 million increase). Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and recognised in the Consolidated income statement as financing remeasurements. Recognised in the Consolidated income statement is a loss on fair value hedged items of $194 million (2019: $234 million loss), offset by a gain on fair value hedging instruments of $188 million (2019: $236 million gain).

Held for trading

The Group may choose not to designate certain derivatives as hedges. This may occur where the Group is economically hedged but IFRS 9 *Financial Instruments* hedge accounting cannot be achieved or where gains and losses on both the derivative and hedged item naturally offset in the Consolidated income statement, as is the case for certain cross currency swaps of non-US dollar debt. A fair value gain of $462 million in respect of these cross currency swaps has been recognised in the Consolidated income statement (2019: loss of $56 million) and is presented within financing remeasurements net of foreign exchange losses on the related borrowings of $435 million (2019: $43 million gain). Fair value changes on held for trading derivatives are recognised in the Consolidated income statement as remeasurements or within underlying earnings in accordance with the policy set out in note 8.

Further information on derivatives

Fair value of derivative positions

The fair value of the Group's open derivative positions at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within 'Derivative financial assets' and 'Derivative financial liabilities', is as follows:

	Current				Non-current			
	2020		2019		2020		2019	
US$ million	**Asset**	**Liability**	Asset	Liability	**Asset**	**Liability**	Asset	Liability
Derivatives hedging net debt								
Fair value hedge								
Interest rate swaps	**9**	**–**	7	–	**558**	**(26)**	347	–
Held for trading								
Forward foreign currency contracts	**–**	**(20)**	8	(16)	**–**	**–**	–	–
Cross currency swaps	**–**	**(19)**	–	(66)	**79**	**(166)**	–	(519)
Debit valuation adjustment to derivative liabilities	**–**	**–**	–	–	**–**	**–**	–	1
	9	**(39)**	15	(82)	**637**	**(192)**	347	(518)
Other derivatives	**96**	**(175)**	71	(73)	**–**	**–**	–	(4)
Total derivatives	**105**	**(214)**	86	(155)	**637**	**(192)**	347	(522)

Other derivatives primarily relate to forward foreign currency contracts hedging capital expenditure, forward commodity contracts and other commodity contracts that are accounted for as 'Held for trading'. These marked to market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at 31 December, at market prices and rates available at the time.

Accounting judgements

Fair value of financial instruments

Certain of the Group's financial instruments, principally derivatives, are required to be measured on the balance sheet at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to estimate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data (for example forward foreign exchange rate, interest rate or commodity price curves) where available.

Accounting policies

See notes 39D and 39F for the Group's accounting policies on financial asset investments, impairment of financial assets, derivative financial instruments and hedge accounting.

Net debt and financial risk management

23. Financial risk management

Overview
The Board approves and monitors the risk management processes, including documented treasury policies, counterparty limits and controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the Consolidated balance sheet at 31 December is as follows:

- liquidity risk
- credit risk
- commodity price risk
- foreign exchange risk
- interest rate risk.

A. Liquidity risk
The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any Group distribution restrictions that exist. In addition, certain projects may be financed by means of limited recourse project finance, if appropriate.

Certain borrowing facilities within the Group are the subject of financial covenants that vary from facility to facility, but which would be considered normal for such facilities, such as the ratio of net debt to tangible net worth. The respective borrowers remain in compliance with these financial covenants at 31 December 2020.

The expected undiscounted cash flows of the Group's net debt related and other financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date, are as follows:

							2020
US$ million	Amount due for repayment within one year	Greater than one year, less than two years	Greater than two years, less than three years	Greater than three years, less than four years	Greater than four years, less than five years	Greater than five years	Total
Net debt financial liabilities							
Borrowings	(1,028)	(1,078)	(1,307)	(777)	(2,166)	(6,468)	(12,824)
Expected future interest payments	(442)	(420)	(376)	(326)	(265)	(1,192)	(3,021)
Derivatives hedging net debt – net settled	2	3	3	3	3	22	36
Derivatives hedging net debt – gross settled:							
– gross inflows	993	545	928	–	–	–	2,466
– gross outflows	(1,050)	(599)	(1,045)	–	–	–	(2,694)
Other financial liabilities	(5,335)	(120)	(91)	(74)	–	(200)	(5,820)
Total	(6,860)	(1,669)	(1,888)	(1,174)	(2,428)	(7,838)	(21,857)

							2019[1]
US$ million	Amount due for repayment within one year	Greater than one year, less than two years	Greater than two years, less than three years	Greater than three years, less than four years	Greater than four years, less than five years	Greater than five years	Total
Net debt financial liabilities							
Borrowings	(764)	(1,097)	(1,807)	(883)	(765)	(4,898)	(10,214)
Expected future interest payments	(345)	(316)	(281)	(218)	(189)	(492)	(1,841)
Derivatives hedging net debt – net settled	(4)	–	–	–	–	–	(4)
Derivatives hedging net debt – gross settled:							
– gross inflows	1,031	468	877	870	23	1,688	4,957
– gross outflows	(1,231)	(644)	(1,107)	(1,118)	(64)	(1,788)	(5,952)
Other financial liabilities	(4,602)	(12)	(20)	(18)	(18)	(211)	(4,881)
Total	(5,915)	(1,601)	(2,338)	(1,367)	(1,013)	(5,701)	(17,935)

[1] Restated to disclose the inflows and outflows on derivatives hedging net debt separately.

The table above does not include cash flows in relation to the Woodsmith royalty financing on the basis that cash flows under this arrangement are not contractually defined, but instead are wholly dependent upon Woodsmith revenue in future years. However, should the Woodsmith primary subsidiary, York Potash Limited, enter insolvency, then it would be required to repay Hancock the principal value of $250 million upon its request.

Net debt and financial risk management

23. Financial risk management continued

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	2020	2019
Expiry date		
Within one year	**2,228**	228
Greater than one year, less than two years	**615**	394
Greater than two years, less than three years	**1,453**	1,121
Greater than three years, less than four years	**916**	1,538
Greater than four years, less than five years	**4,718**	5,385
Greater than five years	**47**	—
	9,977	8,666

On 10 February 2020, the Group extended the maturity of $4.3 billion of its revolving credit facility by one year to March 2025 and $0.2 billion of its revolving credit facility by two years to March 2025. The Group also extended the maturity of a $0.2 billion bilateral facility by one year to March 2025.

In April 2020, the Group signed a new $2.0 billion revolving credit facility with an initial maturity date of April 2021. The Group has, at its sole discretion, two options to extend the facility for a further six months to October 2021 and April 2022.

Undrawn committed borrowing facilities expiring within one year include undrawn South African rand facilities equivalent to $0.1 billion (2019: $0.2 billion) in respect of facilities with a 364 day maturity which roll automatically on a daily basis, unless notice is served.

B. Credit risk
Credit risk is the risk that a counterparty to a financial instrument will cause a loss to the Group by failing to pay its obligation.

The Group's principal financial assets are cash, trade and other receivables, investments and derivative financial instruments. The Group's maximum exposure to credit risk primarily arises from these financial assets and is as follows:

US$ million	2020	2019
Cash and cash equivalents	**7,521**	6,345
Trade and other receivables	**3,294**	1,932
Financial asset investments	**240**	373
Derivative financial assets	**742**	433
Environmental rehabilitation trust	**209**	204
	12,006	9,287

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions approved by the Board. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings, shareholder equity (in case of relationship banks) and fund size (in case of asset managers).

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), and the use of payment security instruments (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

The classification of trade and other receivables excludes prepayments and tax receivables, the classification of financial asset investments excludes equity investments held at fair value through other comprehensive income and the classification of environmental rehabilitation trust excludes equity investments.

C. Commodity price risk
The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group's policy is to sell its products at prevailing market prices and is generally not to hedge commodity price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group generally uses forward contracts and other derivative instruments to hedge the price risk.

Certain of the Group's sales and purchases are provisionally priced, meaning that the selling price is determined normally 30 to 180 days after delivery to the customer, based on quoted market prices stipulated in the contract, and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

	2020				2019[1]			
	Commodity price linked				Commodity price linked			
US$ million	Subject to price movements	Fixed price	Not linked to commodity price	Total	Subject to price movements	Fixed price	Not linked to commodity price	Total
Total net financial instruments (excluding derivatives)	**1,110**	**478**	**(9,750)**	**(8,162)**	622	290	(7,589)	(6,677)
Derivatives	**(80)**	**(5)**	**421**	**336**	(4)	—	(240)	(244)
	1,030	**473**	**(9,329)**	**(7,826)**	618	290	(7,829)	(6,921)

[1] As shown in note 22, certain trade and other payables relating to provisional pricing arrangements were previously incorrectly classified as financial liabilities measured at fair value through profit and loss. These have been reclassified to measured at amortised cost with an embedded derivative held at fair value. 2019 comparatives have been restated to reclassify the liability component which is held at amortised cost of $606 million from subject to price movements to not linked to commodity price in the table above.

Commodity price linked financial instruments subject to price movements include provisionally priced trade receivables and trade payables.

Commodity price linked financial instruments at fixed price include receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

Net debt and financial risk management

23. Financial risk management continued

D. Foreign exchange risk
As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs and, to a lesser extent, from non-US dollar revenue.

The South African rand, Chilean pesos, Brazilian real and Australian dollar are the most significant non-US dollar currencies influencing costs. A strengthening of the US dollar against the currencies to which the Group is exposed has a positive effect on the Group's earnings. The Group's policy is generally not to hedge such exposures given the correlation, over the longer term, with commodity prices and the diversified nature of the Group, although exceptions can be approved by the Group Management Committee.

In addition, currency exposures exist in respect of non-US dollar capital expenditure projects and non-US dollar borrowings in US dollar functional currency entities. The Group's policy is to evaluate whether or not to hedge its non-US dollar capital expenditure on a case-by-case basis, taking into account the estimated foreign exchange exposure, liquidity of foreign exchange markets and the cost of executing a hedging strategy.

Net other financial liabilities (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) are $2,251 million. This includes net assets of $458 million denominated in US dollars, and net liabilities of $222 million denominated in Brazilian real, $296 million denominated in Australian dollars, $399 million denominated in Chilean pesos and $1,436 million denominated in South African rand.

E. Interest rate risk
Interest rate risk arises due to fluctuations in interest rates which impact the value of short term investments and financing activities. The Group is principally exposed to US and South African interest rates.

Various inter-bank offer rates (IBOR) are expected to be replaced by alternative risk-free rates by the end of 2021 as part of the IBOR reform. The Group is managing the transition to alternative risk-free rates with respect to its hedging arrangements and any future transactions in the financial market.

The Group's policy is to borrow funds at fixed rates of interest. The Group uses interest rate contracts to convert the majority of borrowings to floating rates of interest and manage its exposure to interest rate movements on its debt.

In respect of financial assets, the Group's policy is to invest cash at floating rates of interest and to maintain cash reserves in short term investments (less than one year) in order to maintain liquidity.

Analysis of interest rate risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within the table below. Net other financial liabilities (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) of $2,251 million (2019: $2,295 million) are primarily non-interest bearing.

The table below reflects the exposure of the Group's net debt to currency and interest rate risk.

						2020
US$ million	**Cash and cash equivalents**	**Floating rate borrowings**	**Fixed rate borrowings**	**Derivatives hedging net debt**	**Impact of currency derivatives**	**Total**
US dollar	**6,801**	**(1,102)**	**(7,732)**	**414**	**(3,722)**	**(5,341)**
Euro	**16**	**—**	**(3,276)**	**—**	**3,273**	**13**
South African rand	**206**	**(542)**	**(169)**	**1**	**—**	**(504)**
Brazilian real	**78**	**—**	**(29)**	**—**	**—**	**49**
Australian dollar	**151**	**—**	**(48)**	**—**	**—**	**103**
Sterling	**49**	**(7)**	**(549)**	**—**	**449**	**(58)**
Other	**207**	**—**	**(44)**	**—**	**—**	**163**
Impact of interest derivatives	**—**	**(8,953)**	**8,953**	**—**	**—**	**—**
Total	**7,508**	**(10,604)**	**(2,894)**	**415**	**—**	**(5,575)**

						2019
US$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	5,443	(543)	(5,232)	(242)	(4,424)	(4,998)
Euro	18	—	(4,016)	—	4,013	15
South African rand	288	(54)	(149)	2	—	87
Brazilian real	181	—	(20)	—	—	161
Australian dollar	187	—	(47)	—	—	140
Sterling	22	(7)	(594)	1	411	(167)
Other	196	—	(60)	—	—	136
Impact of interest derivatives	—	(9,317)	9,317	—	—	—
Total	6,335	(9,921)	(801)	(239)	—	(4,626)

Based on the net foreign currency and interest rate risk exposures detailed above, and taking into account the effects of the hedging arrangements in place, management considers that earnings and equity are not materially sensitive to reasonable foreign exchange or interest rate movements in respect of the financial instruments held as at 31 December 2020 or 2019.

Equity

Equity represents the capital of the Group attributable to Company shareholders and non-controlling interests, and includes share capital, share premium and reserves.

Total equity has increased from $31.4 billion to $32.8 billion in the year, principally reflecting the profit for the year, partially offset by cancellation of treasury shares and dividends to Company shareholders and non-controlling interests of $1.7 billion.

Total equity

$32.8 bn

(2019: $31.4 bn)

24. Called-up share capital and consolidated equity analysis

Called-up share capital

	2020		2019	
	Number of shares	US$ million	Number of shares	US$ million
Ordinary shares of $54^{86}/_{91}$ US cents each:				
At 1 January	**1,371,602,399**	**753**	1,405,465,332	772
Treasury shares cancelled	**(8,484,319)**	**(4)**	(33,862,933)	(19)
At 31 December	**1,363,118,080**	**749**	1,371,602,399	753

Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined below) the number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2020 was 1,363,118,080 and $749 million (2019: 1,371,259,349 and $753 million).

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

Own shares

	2020		2019	
	Number of shares	US$ million	Number of shares	US$ million
Own shares				
Treasury shares	**–**	**–**	343,050	12
Own shares held by subsidiaries and employee benefit trusts	**124,361,049**	**6,107**	128,991,088	6,183
Total	**124,361,049**	**6,107**	129,334,138	6,195

The movement in treasury shares during the year is as follows:

	2020		2019	
	Number of shares	US$ million	Number of shares	US$ million
Treasury shares				
At 1 January	**343,050**	**12**	549,102	42
Transferred to employees in settlement of share awards	**(343,050)**	**(12)**	(206,052)	(30)
At 31 December	**–**	**–**	343,050	12

Included in Own shares are 112,300,129 (2019: 112,300,129) Anglo American plc shares held by Epoch Investment Holdings (RF) Proprietary Limited, Epoch Two Investment Holdings (RF) Proprietary Limited and Tarl Investment Holdings (RF) Proprietary Limited, which are consolidated by the Group by virtue of their contractual arrangements with Tenon Investment Holdings Proprietary Limited, a wholly owned subsidiary of Anglo American South Africa Proprietary Limited. Further details of these arrangements are provided in note 39B.

Included in the calculation of the dividend payable are 7,131,732 ($236 million) shares held in treasury and in the Employee Benefit Trust in respect of forfeitable share awards granted to certain employees. Under the terms of these awards, the shares are beneficially owned by the respective employees, who are entitled to receive dividends in respect of the shares. The shares are released to the employees on vesting of the awards, and any shares that do not vest are returned to the Company or the Employee Benefit Trust. These shares are recognised on the Consolidated balance sheet within Own shares and are excluded from the calculation of basic earnings per share. They are included in the calculation of diluted earnings per share to the extent that the related share awards are dilutive (see note 3).

Equity

24. Called-up share capital and consolidated equity analysis continued

Consolidated equity analysis

Fair value and other reserves comprise:

US$ million	Share-based payment reserve	Financial asset revaluation reserve	Other reserves	Total fair value and other reserves
At 1 January 2019	433	(16)	120	537
Total comprehensive income	—	68	—	68
Equity settled share-based payment schemes	(2)	—	—	(2)
Cancellation of treasury shares	—	—	19	19
Other	—	(55)	3	(52)
At 31 December 2019	**431**	**(3)**	**142**	**570**
Total comprehensive income	**—**	**49**	**—**	**49**
Equity settled share-based payment schemes	**21**	**—**	**—**	**21**
Cancellation of treasury shares	**—**	**—**	**4**	**4**
Other	**(1)**	**(5)**	**(2)**	**(8)**
At 31 December 2020	**451**	**41**	**144**	**636**

Other reserves comprise a capital redemption reserve of $138 million (2019: $134 million) and other reserves.

25. Non-controlling interests

Overview

Non-controlling interests that are material to the Group relate to the following subsidiaries:

- De Beers Plc (De Beers) is a company incorporated in Jersey. It is one of the world's leading diamond companies with operations across all key parts of the diamond value chain. Non-controlling interests hold a 15% (2019: 15%) interest in De Beers, which represents the whole of the Diamonds reportable segment.
- Anglo American Sur S.A. (Anglo American Sur) is a company incorporated in Chile. Its principal operations are the Los Bronces and El Soldado copper mines and the Chagres smelter, which are located in Chile. Non-controlling interests hold a 49.9% (2019: 49.9%) interest in Anglo American Sur.
- Anglo American Platinum Limited (Anglo American Platinum) is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Mogalakwena and Amandelbult platinum group metals mines, which are located in South Africa. Non-controlling interests hold an effective 19.2% (2019: 20.6%) interest in the operations of Anglo American Platinum, which represents the whole of the Platinum Group Metals reportable segment.
- Kumba Iron Ore Limited (Kumba Iron Ore) is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Sishen and Kolomela iron ore mines, which are located in South Africa. Non-controlling interests hold an effective 46.6% (2019: 46.6%) interest in the operations of Kumba Iron Ore, comprising the 30.0% (2019: 30.0%) interest held by other shareholders in Kumba Iron Ore and the 23.7% (2019: 23.7%) of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company Proprietary Limited, that is held by shareholders outside the Group.

	2020						2019					
US$ million	**De Beers**	**Anglo American Sur**	**Anglo American Platinum**	**Kumba Iron Ore**	**Other**	**Total**	De Beers	Anglo American Sur	Anglo American Platinum	Kumba Iron Ore	Other	Total
Underlying earnings attributable to non-controlling interests	**(28)**	**82**	**288**	**834**	**(9)**	**1,167**	—	118	259	686	5	1,068
Profit/(loss) attributable to non-controlling interests	**(37)**	**82**	**372**	**849**	**(27)**	**1,239**	1	56	269	691	18	1,035
Dividends paid to non-controlling interests	**(8)**	**(38)**	**(181)**	**(429)**	**(12)**	**(668)**	(9)	(143)	(79)	(638)	(25)	(894)
Balance sheet information:												
Equity attributable to non-controlling interests	**1,364**	**1,525**	**1,035**	**1,937**	**1,081**	**6,942**	1,406	1,619	906	1,555	1,104	6,590

Equity

25. Non-controlling interests continued

Further information

Summarised financial information on a 100% basis and before inter-company eliminations for De Beers, Anglo American Platinum, Kumba Iron Ore and Anglo American Sur is as follows:

	2020				2019[1]			
US$ million	De Beers	Anglo American Platinum	Kumba Iron Ore	Anglo American Sur	De Beers	Anglo American Platinum	Kumba Iron Ore	Anglo American Sur
Non-current assets	**8,853**	**5,903**	**3,155**	**4,186**	9,006	5,496	3,233	4,242
Current assets	**4,236**	**5,198**	**2,541**	**1,414**	3,835	3,270	1,631	942
Current liabilities	**(643)**	**(3,218)**	**(533)**	**(865)**	(694)	(2,115)	(499)	(531)
Non-current liabilities	**(2,712)**	**(1,592)**	**(874)**	**(1,676)**	(2,155)	(1,342)	(911)	(1,405)
Net assets	**9,734**	**6,291**	**4,289**	**3,059**	9,992	5,309	3,454	3,248
Revenue	**3,371**	**8,465**	**4,880**	**2,382**	4,599	6,866	4,445	2,287
Profit/(loss) for the financial year[2]	**(235)**	**1,891**	**1,816**	**164**	(21)	1,247	1,466	113
Total comprehensive income/(expense)	**(294)**	**1,881**	**1,784**	**152**	69	1,421	1,589	96
Net cash inflow from operating activities	**35**	**1,358**	**1,804**	**524**	361	1,985	1,860	437

(1) 2019 balances have been restated as a result of a change in Inventory accounting policy see note 39A.
(2) Stated after special items and remeasurements.

Employees

This section contains information about the Group's current and former employees as well as the associated cost of employment and post employment benefits incurred by the Group.

The Group had on average 64,000 employees during 2020, up 1,000 since the prior year.

Employees

64,000

(2019: 63,000)

26. Employee numbers and costs

Employee numbers

The average number of employees, excluding contractors and associates' and joint ventures' employees and including a proportionate share of employees within joint operations, by segment was:

Thousand	2020	2019
De Beers	**9**	9
Copper	**4**	4
Platinum Group Metals	**32**	31
Iron Ore	**9**	9
Coal	**7**	7
Nickel and Manganese	**1**	1
Corporate and other	**2**	2
	64	63

The average number of employees, excluding contractors and associates' and joint ventures' employees and including a proportionate share of employees within joint operations, by principal location of employment was:

Thousand	2020	2019
South Africa	**45**	45
Other Africa	**5**	4
South America	**8**	8
North America	**1**	1
Australia and Asia	**3**	3
Europe	**2**	2
	64	63

Employee costs

Payroll costs in respect of the employees included in the tables above were:

US$ million	2020	2019
Wages and salaries	**2,799**	2,877
Social security costs	**145**	182
Post employment benefits	**254**	245
Share-based payments	**167**	163
Total payroll costs	**3,365**	3,467
Reconciliation:		
Less: Employee costs capitalised	**(159)**	(108)
Less: Employee costs included within special items	**(26)**	—
Employee costs included in operating costs	**3,180**	3,359

Post employment benefits include contributions to defined contribution pension and medical plans, current and past service costs related to defined benefit pension and medical plans and other benefits provided to certain employees during retirement.

Employees

26. Employee numbers and costs continued

Key management
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive and non-executive) of the Group. Key management comprises members of the Board and the Group Management Committee.

Compensation for key management was as follows:

US$ million	2020	2019
Salaries and short term employee benefits	30	24
Social security costs	11	13
Post employment benefits	3	3
Share-based payments	23	23
	67	63

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 2006 and those specified for audit by Part 3 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 are included in the Remuneration report.

27. Retirement benefits

Overview
The Group operates a number of defined contribution and defined benefit pension plans with the most significant plans being in South Africa and the United Kingdom. It also operates post employment medical plans, the majority of which are unfunded, principally in South Africa. The post employment medical plans provide health benefits to retired employees and certain dependants.

Defined contribution plans
The charge for the year for defined contribution pension plans (net of amounts capitalised) was $131 million (2019: $136 million) and for defined contribution medical plans (net of amounts capitalised) was $63 million (2019: $69 million).

Defined benefit pension plans and post employment medical plans
Characteristics of plans
The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice in the relevant jurisdiction. The responsibility for the governance of the funded retirement benefit plans, including investment and funding decisions, lies with the Trustees of each scheme. The unfunded liabilities are principally in relation to termination indemnity plans in Chile.

South Africa
The pension plans in South Africa are in surplus. All pension plans in South Africa are closed to new members and the majority of plans are closed to future benefit accrual. As the plans are in surplus no employer contributions are currently being made. The Group's provision of anti-retroviral therapy to HIV positive staff does not significantly impact the post employment medical plan liability.

United Kingdom
The Group operates funded pension plans in the United Kingdom. These plans are closed to new members and to the future accrual of benefits. The Group is committed to make payments to certain United Kingdom pension plans under deficit funding plans agreed with the respective Trustees.

Other
Other pension and post employment medical plans primarily comprise obligations in Chile where legislation requires employers to provide for a termination indemnity, entitling employees to a cash payment made on the termination of an employment contract.

Contributions
Employer contributions are made in accordance with the terms of each plan and may vary from year to year. Employer contributions made to funded pension plans in the year ended 31 December 2020 were $42 million (2019: $41 million). In addition, $21 million (2019: $21 million) of benefits were paid to unfunded pension plans and $23 million (2019: $25 million) of benefits were paid in relation to post employment medical plans. The Group expects to contribute $22 million to its pension plans and $27 million to its post employment medical plans in 2021.

Income statement
The amounts recognised in the Consolidated income statement are as follows:

			2020			2019
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Charged to operating costs	17	2	19	12	3	15
Net (credit)/charge to net finance costs	(7)	32	25	(16)	35	19
Total net charge/(credit) to the income statement	10	34	44	(4)	38	34

Net (credit)/charge to net finance costs includes interest expense on surplus restriction of $10 million (2019: $11 million).

Employees

27. Retirement benefits continued

Comprehensive income

The pre-tax amounts recognised in the Consolidated statement of comprehensive income are as follows:

US$ million	2020 Pension plans	2020 Post employment medical plans	2020 Total	2019 Pension plans	2019 Post employment medical plans	2019 Total
Return on plan assets, excluding interest income	470	–	470	334	–	334
Actuarial (losses)/gains on plan liabilities	(479)	34	(445)	(488)	14	(474)
Movement in surplus restriction	2	–	2	12	–	12
Remeasurement of net defined benefit obligation	(7)	34	27	(142)	14	(128)

Actuarial losses on plan liabilities comprise net losses from changes in financial and demographic assumptions as well as experience on plan liabilities. The tax amounts arising on remeasurement of the net defined benefit obligations are disclosed in note 5.

Balance sheet

A summary of the movements in the net pension plan assets and retirement benefit obligations on the Consolidated balance sheet is as follows:

US$ million	2020	2019
Net (liability)/asset recognised at 1 January	(20)	39
Net income statement charge before special items	(44)	(34)
Remeasurement of net defined benefit obligation	27	(128)
Employer contributions to funded pension plans	42	41
Benefits paid to unfunded plans	44	46
Other	1	1
Currency movements	22	15
Net asset/(liability) recognised at 31 December	72	(20)
Amounts recognised as:		
Defined benefit pension plans in surplus	715	631
Retirement benefit obligation – pension plans	(295)	(264)
Retirement benefit obligation – medical plans	(348)	(387)
	72	(20)

The Group, in consultation with scheme and legal advisers, has determined that once all beneficiaries of the schemes have been settled the full economic benefit of the surplus of each of the schemes would become payable to the relevant Group company. Therefore, defined benefit pension plans in surplus are included in Pension asset surplus and other non-current assets on the Consolidated balance sheet.

Further information

Movement analysis

The changes in the fair value of plan assets are as follows:

US$ million	2020 Pension plans	2020 Post employment medical plans	2020 Total	2019 Pension plans	2019 Post employment medical plans	2019 Total
At 1 January	5,258	12	5,270	4,791	12	4,803
Interest income	145	1	146	188	1	189
Return on plan assets, excluding interest income	470	–	470	334	–	334
Contributions paid by employer to funded pension plans	42	–	42	41	–	41
Benefits paid	(241)	(1)	(242)	(236)	(1)	(237)
Effects of curtailments/settlements	–	–	–	(2)	–	(2)
Other	11	–	11	17	–	17
Currency movements	151	–	151	125	–	125
As at 31 December	5,836	12	5,848	5,258	12	5,270

Employees

27. Retirement benefits continued

The changes in the present value of defined benefit obligations are as follows:

US$ million	2020 Pension plans	2020 Post employment medical plans	2020 Total	2019 Pension plans	2019 Post employment medical plans	2019 Total
At 1 January	**(4,773)**	**(399)**	**(5,172)**	(4,259)	(389)	(4,648)
Current service costs	**(17)**	**(2)**	**(19)**	(12)	(3)	(15)
Interest costs	**(128)**	**(33)**	**(161)**	(161)	(36)	(197)
Actuarial (losses)/gains	**(479)**	**34**	**(445)**	(488)	14	(474)
Benefits paid	**262**	**24**	**286**	257	26	283
Effects of curtailments/settlements	**—**	**—**	**—**	2	—	2
Other	**(10)**	**—**	**(10)**	(16)	—	(16)
Currency movements	**(147)**	**16**	**(131)**	(96)	(11)	(107)
As at 31 December	**(5,292)**	**(360)**	**(5,652)**	(4,773)	(399)	(5,172)

The most significant actuarial loss arose from changing financial assumptions on pension plans totalling $466 million (2019: loss arose from changing financial assumptions on pension plans totalling $527 million).

Pension plan assets and liabilities by geography
The split of the present value of funded and unfunded obligations in defined benefit pension plans and the fair value of pension assets at 31 December is as follows:

US$ million	2020 South Africa	2020 United Kingdom	2020 Other	2020 Total	2019 South Africa	2019 United Kingdom	2019 Other	2019 Total
Corporate bonds	**139**	**2,929**	**2**	**3,070**	137	2,467	3	2,607
Government bonds[1]	**353**	**1,825**	**68**	**2,246**	359	1,818	86	2,263
Equity	**86**	**35**	**8**	**129**	90	32	6	128
Cash	**142**	**159**	**—**	**301**	152	29	—	181
Other	**2**	**87**	**1**	**90**	2	77	—	79
Fair value of pension plan assets	**722**	**5,035**	**79**	**5,836**	740	4,423	95	5,258
Active members	**(4)**	**—**	**(8)**	**(12)**	(4)	—	(18)	(22)
Deferred members	**(2)**	**(1,756)**	**(5)**	**(1,763)**	(2)	(1,484)	(7)	(1,493)
Pensioners	**(455)**	**(2,761)**	**(67)**	**(3,283)**	(476)	(2,500)	(83)	(3,059)
Present value of funded obligations	**(461)**	**(4,517)**	**(80)**	**(5,058)**	(482)	(3,984)	(108)	(4,574)
Present value of unfunded obligations	**—**	**(1)**	**(233)**	**(234)**	—	—	(199)	(199)
Net surplus/(deficit) in pension plans	**261**	**517**	**(234)**	**544**	258	439	(212)	485
Surplus restriction	**(124)**	**—**	**—**	**(124)**	(118)	—	—	(118)
Recognised retirement benefit assets/(liabilities)	**137**	**517**	**(234)**	**420**	140	439	(212)	367
Non-current assets – pension asset surplus	**137**	**577**	**1**	**715**	140	491	—	631
Retirement benefit obligation – pension plans	**—**	**(60)**	**(235)**	**(295)**	—	(52)	(212)	(264)

[1] Included within the Government bonds total for the United Kingdom and South Africa are amounts payable under repurchase agreements of $1,463 million (2019: $1,568 million) and $55 million (2019: $61 million) respectively.

Other assets principally comprise debt backed securities, annuities and interest rate swaps.

The fair value of assets is used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 115% (2019: 115%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. The present value of unfunded obligations includes $231 million (2019: $191 million) relating to active members. All material investments are quoted.

In South Africa, the asset recognised is restricted to the amount in the Employer Surplus Account. The Employer Surplus Account is the amount that the Group is entitled to by way of a refund, taking into consideration any contingency reserves as recommended by the funds' actuaries.

Actuarial assumptions
The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits are detailed below (shown as weighted averages):

	2020 South Africa	2020 United Kingdom	2020 Other	2019 South Africa	2019 United Kingdom	2019 Other
Defined benefit pension plans						
Average discount rate for plan liabilities	**9.8%**	**1.4%**	**3.4%**	9.9%	2.0%	3.9%
Average rate of inflation	**5.2%**	**3.0%**	**2.8%**	5.6%	2.9%	3.1%
Average rate of increase of pensions in payment	**5.2%**	**3.0%**	**2.6%**	5.6%	3.2%	2.8%
Post employment medical plans						
Average discount rate for plan liabilities	**9.8%**	**n/a**	**10.6%**	9.9%	n/a	7.6%
Average rate of inflation	**5.2%**	**n/a**	**6.6%**	5.6%	n/a	5.0%
Expected average increase in healthcare costs	**7.6%**	**n/a**	**9.1%**	8.0%	n/a	7.6%

Employees

27. Retirement benefits continued

The weighted average duration of the South African plans is 9 years (2019: 9 years), United Kingdom plans is 18 years (2019: 18 years) and plans in other regions is 14 years (2019: 14 years). This represents the average period over which future benefit payments are expected to be made.

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In South Africa the PA90 tables are used. The main plans in the United Kingdom use CMI tables or Club Vita models with plan specific adjustments based on mortality investigations. The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy (shown as weighted averages):

	Male		Female	
Years	**2020**	2019	**2020**	2019
South Africa	**18.8**	18.7	**23.4**	23.4
United Kingdom	**27.9**	27.7	**29.7**	29.2
Other	**24.3**	24.3	**28.5**	28.5

The table below summarises the expected life expectancy from the age of 60 for a male or female aged 45 at the balance sheet date. When viewed together with the respective life expectancy at age 60 in the table above, this indicates the anticipated improvement in life expectancy (shown as weighted averages):

	Male		Female	
Years	**2020**	2019	**2020**	2019
South Africa	**18.8**	18.8	**23.4**	23.4
United Kingdom	**28.7**	28.7	**30.8**	30.7
Other	**25.5**	25.4	**29.5**	29.5

Risk of plans
The Group has identified the main risk to its defined benefit pension schemes as being interest rate risk due to the impact on the UK discount rate assumption:

Risk	Description	Mitigation
Interest rate risk	A fall in longer term real and nominal interest rates expectations causes gilt yields and corporate bond yields to decrease, which results in a lower discount rate being applied to the UK pension liabilities and so, with all else being held equal, the value of the pension scheme liabilities increases. If the pension scheme assets do not increase by the same amount as the increase in the pension scheme liabilities (caused by the fall in interest rates) then, all else being equal, this will result in a worsening of the pension scheme funding position.	The Trustees' investment strategies vary by plan for the UK and include investing, with the intention of counter-balancing the movements in the liabilities, in fully owned (fully funded) physical credit and gilts, and by gaining unfunded exposure to gilts (via gilt repurchase agreements) and other fixed income based derivatives to match the real and nominal interest rate sensitivity of the pension scheme liabilities. Approximately 75-100% (depending on the scheme) of the pension scheme liabilities are currently hedged against movements in real and nominal interest rates. The Trustees' hedging strategies are typically designed to protect the respective schemes' funding plans against volatility in market yields. The discount rate used to calculate any funding requirement for the schemes is linked to gilt yields rather than to corporate bond yields as required under IAS 19. Consequently the valuation of the net retirement benefit obligation for accounting purposes remains susceptible to movements in value due to the difference between corporate bond and gilt yields. In addition, since corporate bond yields are typically higher than gilt yields, this can result in the recognition of accounting surpluses in respect of schemes where cash contributions continue to be made to meet funding shortfalls.

Sensitivity analysis
Significant actuarial assumptions for the determination of pension and medical plan liabilities are the discount rate, inflation rate and mortality. The sensitivity analysis below has been provided by local actuaries on an approximate basis based on changes in the assumptions occurring at the end of the year, assuming that all other assumptions are held constant and the effect of interrelationships is excluded. The effect on plan liabilities is as follows:

				2020
US$ million	**South Africa**	**United Kingdom**	**Other**	**Total**
Discount rate – 0.5% decrease	**(31)**	**(445)**	**(21)**	**(497)**
Inflation rate – pension plans – 0.5% increase	**(17)**	**(158)**	**(13)**	**(188)**
Inflation rate – medical plans – 0.5% increase	**(14)**	**–**	**(3)**	**(17)**
Life expectancy – increase by 1 year	**(25)**	**(227)**	**(3)**	**(255)**

Independent qualified actuaries carry out full valuations at least every three years using the projected unit credit method. The actuaries have updated the valuations to 31 December 2020. Assumptions are set after consultation with the qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the Group's other comprehensive income.

Accounting policy
See note 39H for the Group's accounting policy on retirement benefits.

Employees

28. Share-based payments

Overview

During the year ended 31 December 2020 the Group had share-based payment arrangements with employees relating to shares of the Company. All of these Company schemes, as well as any non-cyclical awards, are equity settled either by award of ordinary shares (BSP, LTIP, SIP and Non-cyclical) or award of options to acquire ordinary shares (SAYE). The awards are conditional on employment. LTIP awards granted prior to 2017 vest in accordance with the achievement of performance conditions based on a Group ROCE target and relative TSR targets. LTIPs granted since 2017 vest in accordance with the achievement of relative TSR targets and a balanced scorecard of measures including a Group ROCE target, a Sustaining attributable free cash flow target and environmental, social and governance targets.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US$ million	2020	2019
BSP	**82**	80
LTIP	**59**	58
Other schemes	**5**	3
Share-based payment charge relating to Anglo American plc shares	**146**	141

In addition there are equity settled share-based payment charges of $10 million (2019: $6 million) relating to Kumba Iron Ore Limited shares and $11 million (2019: $10 million) relating to Anglo American Platinum Limited shares. Certain business units also operate cash settled employee share-based payment schemes.

Further information

The movements in the number of shares for the more significant share-based payment arrangements are as follows:

Bonus Share Plan

Ordinary shares of $54^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2020	2019
Outstanding at 1 January	**11,824,806**	17,051,229
Conditionally awarded in year	**4,383,844**	3,543,428
Vested in year	**(5,096,505)**	(8,469,401)
Forfeited or expired in year	**(249,657)**	(300,450)
Outstanding at 31 December	**10,862,488**	11,824,806

Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

Long Term Incentive Plan

Ordinary shares of $54^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2020	2019
Outstanding at 1 January	**12,010,241**	17,414,233
Conditionally awarded in year	**5,296,437**	4,591,308
Vested in year	**(4,579,836)**	(8,094,236)
Forfeited or expired in year	**(563,164)**	(1,901,064)
Outstanding at 31 December	**12,163,678**	12,010,241

The early vesting of share awards is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death. The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.

Accounting policy

See note 39H for the Group's accounting policy on share-based payments.

Unrecognised items and uncertain events

This section includes disclosure of items and transactions that are not reflected in the Group's results because they are uncertain or have been incurred after the end of the year. These disclosures are considered relevant to an understanding of the Group's financial position and the effect of expected or possible future events.

29. Events occurring after end of year

On 24 February 2021, South Africa's Minister of Finance announced that from 1 March 2021, specific rules for companies with a primary listing offshore will be automatically aligned to current foreign direct investment rules (see note 20). With the exception of this change and the proposed final dividend for 2020, there have been no other reportable events since 31 December 2020.

30. Commitments

Overview

A commitment is a contractual obligation to make a payment in the future which is not provided for in the balance sheet. The Group also has purchase obligations relating to take or pay agreements which are legally binding and enforceable.

Capital commitments (including cancellable and non-cancellable contracts) for subsidiaries and joint operations relating to the acquisition of property, plant and equipment are $4,327 million (2019: $3,552 million), of which 50% (2019: 52%) relates to expenditure to be incurred within the next year.

The Group's outstanding commitments relating to take or pay agreements are $13,790 million (2019: $13,246 million), of which 11% (2019: 11%) relate to expenditure to be incurred within the next year.

31. Contingent assets and liabilities

Overview

The Group is subject to various claims which arise in the ordinary course of business. Additionally, the Group has provided indemnities against certain liabilities as part of agreements for the sale or other disposal of business operations. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is remote.

The Group is required to provide guarantees in several jurisdictions in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities.

Contingent assets

Metallurgical Coal

In 2014, the Metallurgical Coal business was granted an arbitration award of $107 million against MMTC Limited in respect of a contractual dispute. The award has since been challenged in the Indian courts, during which time interest has continued to accrue. On 17 December 2020 the Indian Supreme Court found in favour of the Metallurgical Coal business. Following the hearing of a Review Petition, the Indian Supreme Court has determined that it will consider the question of interest payable on the award. The precise value and timing of receipt of such finding remains uncertain and hence no receivable has been recognised on the Consolidated balance sheet as at 31 December 2020.

Contingent liabilities

Anglo American South Africa Proprietary Limited (AASA)

In October 2020, an application was filed in the Gauteng Local Division (Johannesburg) of the High Court in South Africa to seek the certification of two classes of claimants in a legal action against Anglo American South Africa Proprietary Limited (AASA), a wholly owned subsidiary of Anglo American plc.

The legal action relates to lead contamination in the vicinity of a former lead mine in Kabwe, Zambia, which is alleged to have resulted from the operation of the mine, specifically between 1925 and 1974. AASA held a shareholding in the company that operated the mine during this period while other entities within the Anglo American Group at the time, and on occasion AASA, provided services to the mine during the period.

The mine was then nationalised and continued to operate for 20 years until its closure in 1994.

The claim fails to take into account the existence of a number of parties that had roles in the ownership and operation of the mine between the inception of the mine and 1994, and in the post-closure management of the mine site during the 27 years which have passed since its closure in 1994. The industrial processing of metals continues at and around the mine site to this day, as does significant informal mining activity.

The central allegation in the case is that lead emissions from operational and waste management activities undertaken at the mine in the period from 1925 to 1974 have made a material contribution to lead-related health impacts experienced by members of the local community, giving rise to alleged actionable claims against AASA.

Unrecognised items and uncertain events

31. Contingent assets and liabilities continued

The application seeks to certify two classes of claimants, the first consisting of children from the Kabwe District and the second of women of child-bearing age from the Kabwe District. The claimants' lawyers allege that members of each class have suffered actionable injury as a result of exposure to lead. The application proposes that the first stage of the claim (where common issues will be decided) should proceed on an 'opt-out' basis (meaning anyone who meets the criteria for one of the classes is automatically included as a claimant unless they opt-out) while the second stage (where claimants will need to prove their individual claims) should proceed on an 'opt-in' basis (where individuals will need to actively 'opt-in' to become a claimant). There are 13 individuals representing the two classes and at the time of the application there were said to be 1,071 individuals who have signed up to bring individual claims as part of the second opt-in stage, in the event that the classes are certified and the claim proceeds beyond the first stage. The application contends that it is likely that a substantial number of additional potential claimants would seek to join the claim at the second stage. The claimants' lawyers have estimated that the two classes of claimants, as they are currently defined, could ultimately comprise approximately 142,000 individuals.

The claimants are seeking compensation for alleged personal injury and the costs of remediation, however no indication of the amount of damages being sought (either on a per claimant or total basis) has been provided in the application.

AASA has noted its intention to oppose the class certification application, and will defend itself against the allegations made. It is currently investigating the detailed allegations and is due to file its response to the application in April 2021. The class certification hearing is likely to take place in the last quarter of 2021, alternatively in the first half of 2022.

This litigation is subject to significant uncertainty, and it is not currently possible to make a reasonable estimate of the outcome, quantum or timing of any potential future determination, and therefore no provision has been recognised.

De Beers
Guarantees provided in respect of environmental restoration and decommissioning obligations involve judgements in terms of the outcome of future events. In one of the territories in which De Beers operates, conditions exist, or are proposed, with respect to backfilling pits on closure. A formal appeal has been lodged to remove the existing backfilling condition and no provision has been raised on the basis that it is not probable that this condition will be enforced. Should the appeal not be successful the estimated cost of backfilling is $274 million.

Accounting judgement
Where the existence of an asset is contingent on uncertain future events which are outside the Group's control, the asset is only recognised once it becomes virtually certain that the Group will receive future economic benefits.

A provision is recognised where, based on the Group's legal views and, in some cases, independent advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

Group structure

This section includes details about the composition of the Group and how this is reflected in the Consolidated financial statements. It also includes disclosures of significant corporate transactions such as acquisitions and disposals.

32. Assets and liabilities held for sale

There were no assets classified as held for sale as at 31 December 2020.

2019
At 31 December 2019, assets of $166 million and associated liabilities of $17 million were classified as held for sale in relation to the disposal of 12% of the Group's interest in the Grosvenor mine. The disposal completed on 18 December 2020 (refer to note 33).

33. Acquisitions and disposals

Sirius Minerals Plc acquisition
On 17 March 2020 the Group acquired a 100% interest in Sirius Minerals Plc (Crop Nutrients) for cash consideration of $496 million (£405 million).

As a result of the acquisition the Group has acquired control of the Woodsmith project, which once developed will mine the world's largest known source of high grade polyhalite (a premium multi-nutrient fertiliser).

The acquisition has been accounted for as a business combination using the acquisition method of accounting with an effective date of 17 March 2020, being the date the Group gained control of Sirius Minerals Plc.

Details of the purchase consideration, final fair values of identifiable assets and liabilities of Sirius Minerals Plc as at the date of acquisition were:

US$ million	17.03.20
Consideration	
Fair value of consideration transferred	**496**
Less: net cash acquired with the subsidiary	**(35)**
Total consideration	**461**
Assets	
Property, plant and equipment (including mineral properties and projects)	**974**
Intangible assets	**21**
Investments in associates and joint ventures	**20**
Trade and other receivables	**56**
Total assets	**1,071**
Liabilities	
Provisions for liabilities and charges	**(5)**
Royalty liability	**(310)**
Borrowings	**(253)**
Trade and other payables	**(42)**
Total liabilities	**(610)**
Net assets acquired	**461**
Net attributable assets	**461**

Acquisition-related costs
Acquisition-related costs of $19 million are included in operating costs in the Consolidated income statement.

Revenue and profit contribution
From the acquisition date, the Woodsmith project has contributed no revenue and a $65 million loss to the Group for the period from 17 March 2020 to 31 December 2020. For details of the segment results, see note 2, where the Woodsmith project is reported as the Crop Nutrients segment.

Group structure

33. Acquisitions and disposals continued

Royalty liability

Under financing arrangements prior to the Group's acquisition of the Woodsmith project, Hancock British Holdings Limited (Hancock) paid $250 million in return for future royalty payments amounting to 5% of gross revenues from the project on the first 13 million tonnes of product sold in each calendar year and a further 1% of gross revenues on sales in excess of 13 million tonnes.

The liability to make these future payments was recognised at its fair value when the Group acquired the Woodsmith project, as required by IFRS 3 *Business Combinations*, and is subsequently measured under amortised cost. An interest expense is recorded in each period which reflects the interest rate used to calculate the fair value of the liability at acquisition.

Future royalty payments will vary based on the actual revenues achieved by the Woodsmith project. This uncertainty over future cash flows represents an embedded derivative. This derivative is measured at fair value and presented within derivative financial assets or derivative financial liabilities as appropriate. The fair value of the embedded derivative is valued as the discounted present value of all differences in expected royalty payments between the expectation prevailing on the acquisition date and the latest period end date. At 31 December 2020 the embedded derivative had nil value as there was no difference between the latest expectation of royalty payments due and the expectation that prevailed at the acquisition date.

Other acquisitions

Other cash paid in respect of acquisitions principally relates to the payment of deferred consideration in respect of the acquisition of control of the Mototolo mine (Platinum Group Metals) which took place in 2018.

2019

During 2019 the Group made a cash payment of $13 million in relation to the acquisition of control of the Mototolo mine (Platinum Group Metals).

Disposals

In the year ended 31 December 2020, the Group received net cash of $384 million on disposals which principally relates to the settlement of deferred consideration balances at Platinum Group Metals of $224 million and the sale of 12% of the Group's interest in the Grosvenor mine (Coal) for $154 million as part of the equalisation of ownership across its integrated Australian metallurgical coal operations at Moranbah North and Grosvenor, resulting in a loss of $22 million which was recognised as a non-operating special item. Refer to note 8.

2019

In 2019 the Group received net cash of $24 million on disposals which principally relate to Platinum Group Metals.

Group structure

34. Basis of consolidation

Overview

The principal subsidiaries, joint operations, joint ventures and associates of the Group and the Group percentage of equity capital are set out below. All these interests are held indirectly by the parent Company and are consolidated within these financial statements.

The Group aggregates the following operating segments into reportable segments:

- Kumba Iron Ore and Iron Ore Brazil are aggregated into Iron Ore
- Metallurgical coal and Thermal coal are aggregated into Coal
- Nickel and Manganese are aggregated into Nickel and Manganese
- Copper Chile and Copper Peru are aggregated into Copper.

A complete list of the Group's related undertakings can be found in note 35.

Segment and asset	Location	Accounting treatment	Percentage of equity owned 2020	2019
De Beers[1]			**85%**	85%
Debswana[2], comprising:	Botswana	Joint operation	**19.2%**	19.2%
Jwaneng				
Orapa regime				
Namdeb Holdings[3], comprising:	Namibia	Joint operation	**50%**	50%
Namdeb Diamond Corporation				
Debmarine Namibia				
De Beers Consolidated Mines[4], comprising:	South Africa	Full consolidation	**100%**	100%
Venetia				
De Beers Canada, comprising:				
Snap Lake	Canada	Full consolidation	**100%**	100%
Victor	Canada	Full consolidation	**100%**	100%
Gahcho Kué	Canada	Joint operation	**51%**	51%
Sales, comprising:				
De Beers Global Sightholder Sales	Botswana	Full consolidation	**100%**	100%
De Beers Sightholder Sales South Africa	South Africa	Full consolidation	**100%**	100%
Auction Sales	Singapore	Full consolidation	**100%**	100%
DTC Botswana	Botswana	Joint operation	**50%**	50%
Namibia DTC	Namibia	Joint operation	**50%**	50%
Element Six, comprising:				
Element Six Technologies	Global	Full consolidation	**100%**	100%
Element Six Abrasives	Global	Full consolidation	**60%**	60%
Brands, comprising:				
Forevermark	Global	Full consolidation	**100%**	100%
De Beers Jewellers	Global	Full consolidation	**100%**	100%
Copper				
Copper Chile				
Los Bronces	Chile	Full consolidation	**50.1%**	50.1%
El Soldado	Chile	Full consolidation	**50.1%**	50.1%
Chagres	Chile	Full consolidation	**50.1%**	50.1%
Collahuasi	Chile	Joint operation	**44%**	44%
Copper Peru				
Quellaveco	Peru	Full consolidation	**60%**	60%
Platinum Group Metals[5]			**79%**	78%
Mogalakwena Mine	South Africa	Full consolidation	**100%**	100%
Amandelbult complex[6]	South Africa	Full consolidation	**100%**	100%
Twickenham Mine	South Africa	Full consolidation	**100%**	100%
Unki Mine	Zimbabwe	Full consolidation	**100%**	100%
Platinum Refining	South Africa	Full consolidation	**100%**	100%
Modikwa Platinum Joint Operation	South Africa	Joint operation	**50%**	50%
Mototolo	South Africa	Full consolidation	**100%**	100%
Kroondal Pooling and Sharing Agreement	South Africa	Joint operation	**50%**	50%
Bokoni	South Africa	Equity accounted associate	**49%**	49%

See page 209 for footnotes.

Group structure

34. Basis of consolidation continued

Segment and asset	Location	Accounting treatment	Percentage of equity owned 2020	2019
Iron Ore				
Kumba Iron Ore	South Africa	Full consolidation	**69.7 %**	69.7 %
Sishen[7]	South Africa	Full consolidation	**76.3 %**	76.3 %
Kolomela[7]	South Africa	Full consolidation	**76.3 %**	76.3 %
Minas-Rio	Brazil	Full consolidation	**100 %**	100 %
Ferroport[8]	Brazil	Equity accounted joint venture	**50 %**	50 %
Coal				
Coal Australia and Canada, comprising:				
Moranbah North[9]	Australia	Joint operation	**88 %**	88 %
Grosvenor[9][10]	Australia	Joint operation (2019: Full consolidation)	**88 %**	100 %
Capcoal[9]	Australia	Joint operation	**70 %**	70 %
Dawson[9]	Australia	Joint operation	**51 %**	51 %
Jellinbah[11][12]	Australia	Equity accounted associate	**33.3 %**	33.3 %
Dalrymple Bay Coal Terminal Pty Ltd	Australia	Equity accounted associate	**25.3 %**	25.3 %
Peace River Coal	Canada	Full consolidation	**100 %**	100 %
Coal South Africa, comprising:				
Goedehoop	South Africa	Full consolidation	**100 %**	100 %
Greenside	South Africa	Full consolidation	**100 %**	100 %
Khwezela	South Africa	Full consolidation	**100 %**	100 %
Mafube	South Africa	Joint operation	**50 %**	50 %
Zibulo[13]	South Africa	Full consolidation	**73 %**	73 %
Isibonelo	South Africa	Full consolidation	**100 %**	100 %
Richards Bay Coal Terminal	South Africa	Equity accounted associate	**23.2 %**	23.2 %
Butsanani	South Africa	Full consolidation	**66.7 %**	66.7 %
Carbones del Cerrejón	Colombia	Equity accounted associate	**33.3 %**	33.3 %
Nickel and Manganese				
Barro Alto	Brazil	Full consolidation	**100 %**	100 %
Samancor[11][14]	South Africa and Australia	Equity accounted joint venture	**40 %**	40 %
Crop Nutrients				
Woodsmith[15]	United Kingdom	Full consolidation	**100 %**	—

(1) 85% should be applied to all holdings within De Beers to determine the Group's attributable share of the asset.
(2) De Beers owns 50% of equity in Debswana, but consolidates 19.2% of Debswana on a proportionate basis, reflecting the economic interest. The Group's effective interest in Debswana is 16.3% (taking into account the Group's 85% interest in De Beers Group).
(3) The 50% interest in Namdeb Holdings is held indirectly through De Beers. The Group's effective interest in Namdeb Holdings is 42.5%.
(4) De Beers' legal ownership of De Beers Consolidated Mines (DBCM) and its subsidiaries is 74%. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.
(5) The Group's effective interest in Anglo American Platinum is 80.8% (2019: 79.4%), which includes shares issued as part of a community empowerment deal.
(6) Amandelbult complex comprises Tumela mine and Dishaba mine.
(7) Sishen and Kolomela are fully owned by Sishen Iron Ore Company Proprietary Limited (SIOC). Kumba Iron Ore Limited has a 76.3% interest in SIOC (2019: 76.3%). Including shares held by Kumba Iron Ore in relation to its own employee share schemes, the Group's effective interest in Kumba Iron Ore is 70.04% (2019: 70.02%). Consequently, the Group's effective interest in SIOC is 53.4% (2019: 53.4%).
(8) Ferroport owns and operates the iron ore handling and shipping facilities at the port of Açu.
(9) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated joint operations. These operations are unincorporated and jointly controlled.
(10) The Group sold 12% of its interest in Grosvenor on 18 December 2020. Prior to that, the Group's ownership was 100% and it was fully consolidated.
(11) These entities have a 30 June year end.
(12) The Group's effective interest in the Jellinbah operation is 23.3%.
(13) Zibulo forms part of the Anglo American Inyosi Coal BEE company of which the Group owns 73%.
(14) Samancor is comprised of investments in Groote Eylandt Mining Company Proprietary Limited, Samancor Marketing Pte. Limited and Samancor Holdings Proprietary Limited. Samancor Holdings Proprietary Limited is the parent company of Hotazel Manganese Mines (HMM) and the Metalloys Smelter. BEE shareholders hold a 26% interest in HMM and therefore the Group's effective ownership interest in HMM is 29.6%.
(15) The Group acquired 100% of the Woodsmith mine on 17 March 2020.

Accounting judgements

Joint arrangements

Joint arrangements are classified as joint operations or joint ventures according to the rights and obligations of the parties, as described in note 39I. Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. When a joint arrangement has been structured through a separate vehicle, consideration has been given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties and, the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangement have rights to the assets and obligations for the liabilities. Certain joint arrangements that are structured through separate vehicles including Collahuasi, Debswana and Namdeb Holdings are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

Group structure

35. Related undertakings of the Group

The Group consists of the parent Company, Anglo American plc, incorporated in the United Kingdom and its subsidiaries, joint operations, joint ventures and associates. In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings, the country of incorporation and the effective percentage of equity owned as at 31 December 2020 is disclosed below. Unless otherwise disclosed all entities with an indirect equity holding of greater than 51% are considered subsidiary undertakings. See note 34 for the Group's principal subsidiaries, joint operations, joint ventures and associates.

As disclosed in the Group's published tax strategy, the Group does not use tax haven jurisdictions to manage taxes. There remain a small number of undertakings in the Group which are registered in tax haven jurisdictions and have remained so for other business purposes. The Group is well advanced in our strategy to remove legacy undertakings from tax haven jurisdictions, and, where possible, these entities are resident for tax purposes in the United Kingdom regardless of where they are registered. Where the tax residency of a related undertaking is different from its country of incorporation, this is referenced in the notes to the list below.

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
Angola	Anglo American Discovery (Moxico) - Prospeccao E Exploracao Mineira (SU), LDA	100%	Quota	Edifício Kilamba, 20.º Andar, Avenida 4 de Fevereiro, Marginal de Luanda, Luanda
Angola	Anglo American Discovery (Cunene) - Prospeccao E Exploracao Mineira (SU), LDA	100%	Quota	Edifício Kilamba, 20.º Andar, Avenida 4 de Fevereiro, Marginal de Luanda, Luanda
Angola	De Beers Angola Holdings SARL	85%	Quota	Rua Rainha Ginga 87 9º andar, Luanda, República de Angola, Caixa Postal 4031
Anguilla	Carbones del Cerrejon Limited[4]	33%	Ordinary	Babrow's Commercial Complex, Box 1341, The Valley
Argentina	Minera Anglo American Argentina S.A.U	100%	Ordinary Nominative Non-Endorsable	Olegario V. Andrade 236 Mendoza 5500
Australia	Anglo American Australia Finance Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Australia Holdings Pty Limted	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Australia Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Exploration (Australia) Pty Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Assets Eastern Australia Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Assets Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Finance Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Holdings Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Thermal Coal (Australia) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Archveyor Management) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Capcoal Management) Pty Limited	100%	A Class Ordinary B Class Ordinary C Class Ordinary D Class Ordinary E Class Ordinary F Class Ordinary G Class Ordinary H Class Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson Management) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson Services) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson South Management) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson South) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson) Holdings Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson) Limited	100%	Limited by guarantee	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (German Creek) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Grasstree Management) Pty Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Grosvenor Management) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Grosvenor) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Jellinbah) Holdings Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Moranbah North Management) Pty Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000

Group structure

35. Related undertakings of the Group continued

Country of incorporation[(1)(2)]	Name of undertaking	Percentage of equity owned[(3)]	Share class	Registered address
See page 222 for footnotes.				
Australia	Anglo Coal (Roper Creek) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Theodore South) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Operations (Australia) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Bowen Basin Coal Pty Ltd	23%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Capricorn Coal Developments JV	70%	N/A	N/A
Australia	Dalrymple Bay Coal Terminal Pty Ltd	25%	Ordinary	Martin Armstrong Drive, Hay Point QLD 4740
Australia	Dawson Coal Processing Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Dawson Highwall Mining Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Dawson JV	51%	N/A	N/A
Australia	Dawson Sales Pty Ltd	51%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Dawson South Exploration JV	51%	N/A	N/A
Australia	Dawson South JV	51%	N/A	N/A
Australia	Dawson South Sales Pty Ltd	51%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	De Beers Australia Exploration Limited	85%	Ordinary Preference	23 North Street, Mount Lawley, WA 6050
Australia	German Creek Coal Pty Limited	70%	B Class Ordinary C Class Ordinary D Class Ordinary E Class Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Groote Eylandt Mining Company Proprietary Limited	40%	Ordinary	Level 35, 108 St Georges Terrace, Perth WA 6000
Australia	Jellinbah Group Pty Ltd	33%	Ordinary A Class Ordinary E Class Ordinary F Class Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Jellinbah JV	13%	N/A	N/A
Australia	Jellinbah Mining Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Jellinbah Resources Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Jena Pty. Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Jena Unit Trust	100%	N/A	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	JG Land Company Pty Ltd	23%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Lake Vermont JV	23.1%	N/A	N/A
Australia	Lake Vermont Marketing Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Lake Vermont Resources Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Monash Energy Coal Limited	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Moranbah North Coal (No2) Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Moranbah North Coal (Sales) Pty Ltd	88%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Moranbah North Coal JV	88%	N/A	N/A
Australia	Moranbah North Coal Pty Ltd	100%	Ordinary	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Moranbah South JV	50%	N/A	N/A
Australia	QCMM (Lake Vermont Holdings) Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	QCMM Finance Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Roper Creek JV	86%	N/A	N/A
Australia	Tasmanian Electro Metallurgical Company Proprietary Limited	40%	Ordinary	Level 35, 108 St Georges Terrace, Perth WA 6000
Australia	Theodore South JV	51%	N/A	N/A
Australia	Tremell Pty Ltd	33%	Ordinary	Level 7, 12 Creek Street, Brisbane QLD 4000
Belgium	De Beers Auction Sales Belgium NV	85%	Ordinary	21 Schupstraat, 2018 Antwerp
Belgium	International Institute of Diamond Grading and Research (Belgium) NV	85%	Ordinary	21 Schupstraat, 2018 Antwerp
Bermuda	Coromin Insurance Limited	100%	Common	Clarendon House, 2 Church Street, Hamilton
Bermuda	Holdac Insurance Limited	100%	Common	Clarendon House, 2 Church Street, Hamilton
Botswana	Ambase Prospecting (Botswana) (Pty) Ltd	100%	Ordinary	Plot 32, Unit G3 Victoria House, Independence Avenue, Gaborone, Ad54 Acj
Botswana	Anglo American Corporation Botswana (Services) Limited	100%	Ordinary	Plot 67977, Fairground Office Park, Gaborone
Botswana	Anglo Coal Botswana (Pty) Ltd	100%	Ordinary	c/o KPMG, Chartered Accountants, Plot 67977, Off Tlokweng Road, Fairground, P O Box 1519, Gaborone

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
Botswana	Broadhurst Primary School (Pty) Ltd	47%	Ordinary	First Floor Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	De Beers Global Sightholder Sales (Pty) Ltd	85%	Ordinary	3rd Floor, DTCB Building, Plot 63016, Block 8, Airport Road, Gaborone
Botswana	De Beers Holdings Botswana (Pty) Ltd	85%	Ordinary	5th Floor, Debswana House, Main Mall, Gaborone
Botswana	Debswana Diamond Company (Pty) Ltd[5]	43%	Ordinary	First Floor Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	Debswana Wellness Fund	43%	N/A	First Floor Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	Diamond Trading Company Botswana (Pty) Ltd	43%	Ordinary	Plot 63016, Airport Road, Block 8, Gaborone
Botswana	Sesiro Insurance Company (Pty) Ltd	43%	Ordinary	First Floor Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	The Diamond Trust	64%	N/A	Debswana House, The Mall, Gaborone
Botswana	Tokafala (Proprietary) Limited	57%	Ordinary	3rd Floor, DTCB Building, Plot 63016, Block 8, Airport Road, Gaborone
Brazil	Anglo American Investimentos - Minério de Ferro Ltda.	100%	Membership interest	Rua Maria Luiza Santiago, nº 200, 16º andar, sala 1603, bairro Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
Brazil	Anglo American Minério de Ferro Brasil S.A	100%	Ordinary	Rua Maria Luiza Santiago, nº 200, 16º andar, sala 1601, bairro Santa Lucia, CEP 30360-740, Belo Horizonte, Minas Gerais
Brazil	Anglo American Niquel Brasil Ltda.	100%	Membership interest	Rua Maria Luiza Santiago, nº. 200, 8º andar (parte), Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
Brazil	Anglo Ferrous Brazil Participações S.A.	100%	Ordinary	Rua Maria Luiza Santiago, nº 200, 16º andar (parte), bairro Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
Brazil	Câmara de Comércio Brasil República Sul Africana	100%	N/A	Av. Paulista, nº. 2.300, 10º andar, Cerqueira César, São Paulo/SP
Brazil	Cibrafertil Companhia Brasileira de Fertilizantes	30%	Common	Rua Alfa, 1428 - Area Industrial Norte/COPEC, ZIP CODE 42810-290, City of Camacari, State of Bahia
Brazil	Element Six Limitada	51%	Ordinary	Rua da Consolação, 368 , 15º andar Consolação , São Paulo
Brazil	Ferroport Logística Comercial Exportadora S.A.	50%	Ordinary	Rua da Passagem, nº 123, 11º andar, sala 1101, Botafogo, CEP 22290-030, Rio de Janeiro/RJ
Brazil	GD Empreendimentos Imobiliários S.A.	33%	Ordinary Preference	Rua Visconde de Ouro Preto, nº 5, 11º andar (parte), Botafogo, Rio de Janeiro/RJ
Brazil	Guaporé Mineração Ltda.	49%	Membership interest	Avenida Paulista, nº. 2.300, 10º andar (parte), CEP 01.310-300, São Paulo/SP
Brazil	Mineração Tanagra Ltda.	49%	Membership interest	Rua Maria Luiza Santiago, nº. 200, 20º andar (parte), bairro Santa Lúcia, CEP 30.360-740, Belo Horizonte, Minas Gerais
British Virgin Islands	De Beers Centenary Angola Properties Ltd	85%	Ordinary	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	Delibes Holdings Limited[6]	85%	A Ordinary B Ordinary	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	Loma de Niquel Holdings Limited[6]	94%	Class A1 Class A2 Class B Class C	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	Scallion Limited[6]	85%	A Ordinary	Craigmuir Chambers, Road Town, Tortola, VG1110
Canada	0912055 B.C. Ltd.	100%	Common	c/o McCarthy Tetrault, Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5
Canada	Anglo American Exploration (Canada) Ltd.	100%	Common Class B Preference Class C Preference	c/o Anglo American Exploration (Canada) Ltd., Suite 620 – 650 West Georgia Street, Vancouver, BC, V6B 4N8
Canada	Auspotash Corporation	100%	N/A	333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6
Canada	Central Ecuador Holdings Ltd.	70%	Class A Common Class B Common	c/o Borden Ladner Gervais, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6
Canada	De Beers Canada Holdings Inc.	85%	A Ordinary B Ordinary	2400-333 Bay St, Toronto ON, M5H2T6
Canada	De Beers Canada Inc.	85%	Preference	2400-333 Bay St, Toronto ON, M5H2T6

Group structure

35. Related undertakings of the Group continued

Country of incorporation[(1)(2)]	Name of undertaking	Percentage of equity owned[(3)]	Share class	Registered address
See page 222 for footnotes.				
Canada	Lion Battery Technologies Inc.	33%	Class A Preferred	Suite 2600, Three Bentall Centre, 595 Burrard Street, P.O. BOX 49314, Vancouver BC V7X 1L3
Canada	Peace River Coal Inc.	100%	Common Preference Class A Non-Voting	c/o McCarthy Tetrault, Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5
Canada	Peregrine Diamonds Ltd	85%	Common	2400-333 Bay St, Toronto ON, M5H2T6
Chile	Anglo American Chile Inversiones S.A.	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Chile Ltda	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Copper Finance SpA	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Marketing Chile SpA	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Sur S.A.	50%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Compañía Minera Dona Ines De Collahuasi SCM	44%	Ordinary	Av. Andrés Bello N° 2457 Piso 39, Providencia, Santiago
Chile	Compañía Minera Westwall S.C.M	50%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Inversiones Anglo American Norte SpA	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Inversiones Anglo American Sur SpA	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Inversiones Minorco Chile SpA	100%	Ordinary	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
China	Anglo American Resources Trading (China) Co. Ltd.	100%	Equity interest	Units 01, 02A, 07A, 08, Floor 32, No. 1198 Century Avenue, Pudong New Area, Shanghai
China	De Beers Jewellers Commercial (Shanghai) Co., Ltd	85%	Equity interest	Suite 3703, The Park Place, No.1601 Nan Jing West Road, Shanghai
China	Element Six Hard Materials (Wuxi) Co., Ltd	51%	Equity interest	No. 578 Xitai Road, Wuxi New District, Wuxi, Jiangsu
China	Element Six Trading (Shanghai) Co., Ltd	51%	Equity interest	Room 807, Floor 8, No 390-408 East Beijing Road, Huangpu District, Shanghai
China	Forevermark Marketing (Shanghai) Company Limited	85%	Equity interest	Suite 4601, 4602 and 4608, The Park Place, No.1601 Nan Jing West Road, Shanghai
China	Platinum Guild International (Shanghai) Co., Limited	79%	Ordinary	Room 601, L'avenue, 99 XianXia Road, Shanghai 200051
Colombia	Anglo American Colombia Exploration S.A.	100%	Ordinary	Carrera 7 No. 71-52 Torre B, Piso 9, Bogotá
Colombia	Cerrejon Zona Norte S.A.	33%	Ordinary	Calle 100 No. 19-54, Piso 12, Bogotá
Democratic Republic of Congo	Ambase Exploration Africa (DRC) SPRL	100%	Ordinary	c/o KPMG, 500b. Av. Mpala/Quartier Golf, Lubumbashi
Ecuador	Anglo American Ecuador S.A.	100%	Ordinary	Av. Patria E4-69 y Av. Amazonas, Cofiec, 16th Floor
Ecuador	Central Ecuador EC-CT S.A.	70%	Ordinary	Av. Patria E4-69 y Av. Amazonas, Edif.COFIEC, piso 17, Quito
Finland	AA Sakatti Mining Oy	100%	Ordinary	AA Sakatti Mining Oy, Tuohiaavantie 2, 99600, Sodankylä
Gabon	Samancor Gabon SA	40%	Ordinary	Immeuble 2 AG, Libreville, 4660
Germany	Element Six GmbH	51%	Ordinary	Staedeweg 18, 36151, Burghaun
Hong Kong	De Beers Auction Sales Holdings Limited	85%	Ordinary	Unit 1001,10/F Unicorn Trade Centre, 127-131 Des Voeux Road, Central
Hong Kong	De Beers Jewellers (Hong Kong) Limited	85%	Ordinary	RM 02B&03-06 26/F, Kinwick Centre, 32 Holly Wood Road Central
Hong Kong	Forevermark Limited	85%	Ordinary	RM 02B&03-06 26/F, Kinwick Centre, 32 Holly Wood Road Central
Hong Kong	Platinum Guild International (Hong Kong) Limited	79%	Ordinary	Suites 2901-2, Global Trade Square, No.21 Wong Chuk Hang Road
India	Anglo American Services (India) Private Limited	100%	Equity	A- 1/292, Janakpuri, New Delhi - 110058
India	De Beers India Private Ltd	85%	Ordinary Equity Convertible Preference	601, 6th floor, TCG Financial Centre, C -53, G Block, Bandra Kurla Complex, Bandrar (East), Mumbai - 400 058

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
India	Hindustan Diamond Company Private Limited	43%	Ordinary equity	Office No. 12, 14th Floor, Navjivan Society Building, No.3, Lamington Road, Mumbai - 400 008
India	Platinum Guild India Private Limited	79%	Ordinary	Notan Classic, 3rd Floor, 114 Turner Road, Bandra West, Mumbai 400 050
India	Sirius Minerals India Private Limited	100%	Ordinary	Regus Elegance, 2F, Elegance, Jasola Districe Centre Old Mathura Road, New Delhi, 110025
Indonesia	PT Anglo American Indonesia	100%	Ordinary	Pondok Indah Office Tower 3, 17th Floor, Jl. Sultan Iskandar Muda, Pondok Indah, Jakarta 12310
Indonesia	PT Minorco Services Indonesia	100%	Ordinary	Belagri Hotel, Jl. Raja Ampat, No 1 Kampung Baru, Sorong, Papua Barat
Ireland	CMC-Coal Marketing Designated Activity Company	33%	Ordinary	Fumbally Square, New Street, Dublin 8, D08 XYA5
Ireland	Coromin Insurance (Ireland) DAC	100%	Ordinary	Fourth Floor, 25/28 Adelaide Road, Dublin
Ireland	Element Six (Holdings) Limited	51%	Ordinary	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six (Trade Marks) Limited	51%	Ordinary A Ordinary	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six Abrasives Treasury Limited	51%	Ordinary	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six Limited	51%	Ordinary	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six Treasury Limited	85%	Ordinary	Shannon Airport, Shannon, Co.Clare
Isle of Man	Element Six (Legacy Pensions) Limited	85%	Ordinary A Ordinary	1st Floor, 18-20 North Quay, Douglas, IM1 4LE
Israel	De Beers Auction Sales Israel Ltd	85%	Ordinary	11th Floor, Yahalom (Diamond) Building, 21 Tuval Street Ramat Gan 5252236
Italy	Forevermark Italy S.R.L.	85%	Ordinary	Via Burlamacchi Francesco 14, 20135, Milan
Japan	De Beers Jewellers Japan K.K.	85%	Common stock	New Otani Garden Court 7th Floor, 4-1 Kioi-cho, Chiyoda-ku, Tokyo
Japan	Element Six Limited	51%	Ordinary	9F PMO Hatchobori, 3-22-13 Hatchobori, Chuo-ku, Tokyo, 104
Japan	Forevermark KK	85%	Common stock	New Otani Garden Court, 7th Floor, 4-1 Kioi-cho, Chiyoda-ku, Tokyo
Japan	Furuya Eco-Front Technology Co., Ltd	31%	Common	MSB-21 Minami Otsuka Building, 2-37-5 Minami Otsuka, Toshima-ku, Tokyo
Japan	PGI KK	78%	Ordinary	Imperial Hotel Tower 17F, 1-1-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo, 100-8575
Jersey	A.R.H. Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	A.R.H. Limited[6]	100%	Class A Class B Class C	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Ambras Holdings Limited[6][7]	100%	Repurchaseable Class A Ordinary Repurchaseable Class B Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Ammin Coal Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo African Exploration Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Amcoll UK Ltd[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Buttercup Company Limited	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Chile Investments UK Ltd[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Clarent UK Ltd[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Corporation de Chile Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Exploration Colombia Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Exploration Overseas Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Finland Holdings 1 Limited[6]	100%	Ordinary	2nd Floor Liberation House Castle Street St Helier JE1 1EY
Jersey	Anglo American Finland Holdings 2 Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Liberia Holdings Limited[6]	100%	Ordinary	2nd Floor Liberation House Castle Street St Helier JE1 1EY
Jersey	Anglo American Midway Investment Limited[6]	100%	A Shares B Shares	3rd Floor, 44 Esplanade, St Helier, JE4 9WG

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
Jersey	Anglo American Overseas Limited[6][8]	100%	Repurchaseable Class A Ordinary Repurchaseable Class B Ordinary Repurchaseable Class C Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Australia Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Diamond Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Iron Ore Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Loma Investments Limited[6]	100%	Ordinary	2nd Floor Liberation House Castle Street St Helier JE1 1EY
Jersey	Anglo Operations (International) Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Peru Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Quellaveco Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo South American Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Venezuela Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Aval Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Cheviot Holdings Limited[6]	85%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Centenary Limited[6]	85%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Exploration Holdings Limited[6]	85%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Holdings Investments Limited[6]	85%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Investments plc[6]	85%	Class A	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers plc[6]	85%	A Ordinary B Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Highbirch Limited[6]	100%	Class A Class B	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Inglewood Holdings Limited[6]	100%	Ordinary	2nd Floor Liberation House Castle Street St Helier, JE1 1EY
Jersey	Kumba International Trading Limited[6]	53%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Minorco Overseas Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Minorco Peru Holdings Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Minpress Investments Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Sirius Minerals Finance Limited[6]	100%	Ordinary Preference	47 Esplanade St Helier JE1 0BD
Jersey	Sirius Minerals Finance No.2 Limited[6]	100%	Ordinary Preference	47 Esplanade St Helier JE1 0BD
Luxembourg	Kumba Iron Ore Holdings Sarl	53%	Ordinary	58 rue Charles Martel, L-2134
Macau	De Beers Jewellers (Macau) Company Limited	85%	Ordinary	Avenida da Praia Grande No. 409, China Law Building 16/F – B79
Madagascar	Societe Civille De Prospection De Nickel A Madagascar	32%	N/A	44 Main Street, Johannesburg, 2001
Mauritius	Anglo American International Limited[6]	100%	Normal Class A Ordinary Ordinary-B Repurchaseable Class A Ordinary	c/o AXIS Fiduciary Ltd, 2nd Floor, The AXIS, 26 Bank Street, Cybercity Ebene, 72201
Mexico	Anglo American Mexico S.A. de C.V.	100%	Common	c/o Sanchez Mejorada, Velasco y Ribe, S.C., Paseo de la Reforma No. 450, Col. Lomas de Chapultepec, 11000
Mexico	Servicios Anglo American Mexico S.A. de C.V.	100%	Common	c/o Sanchez Mejorada, Velasco y Ribe, S.C., Paseo de la Reforma No. 450, Col. Lomas de Chapultepec, 11000
Mozambique	Anglo American Corporation Mocambique Servicos Limitada	100%	Quota	PricewaterhouseCoopers, Ltda. Avenida Vladimir Lenine, No 174, 4o andar. Edifício Millennium Park Maputo
Namibia	Ambase Prospecting (Namibia) (Pty) Ltd	100%	Ordinary	c/o SGA, 24 Orban Street, Klein Windhoek, Windhoek
Namibia	De Beers Marine Namibia (Pty) Ltd	43%	Ordinary	4th Floor, Namdeb Centre, 10 Dr Frans, Indongo Street, Windhoek
Namibia	De Beers Namibia Holdings (Pty) Ltd	85%	Ordinary	6th Floor, Namdeb Centre, 10 Dr Frans, Indongo Street, Windhoek
Namibia	Debmarine Namdeb Foundation	43%	N/A	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	DTC Valuations Namibia (Pty) Ltd	85%	Ordinary	4th Floor, Namdeb Centre, 10 Dr Frans, Indongo Street, Windhoek
Namibia	Exclusive Properties (Pty) Ltd	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek

Group structure

35. Related undertakings of the Group continued

Country of incorporation[(1)(2)]	Name of undertaking	Percentage of equity owned[(3)]	Share class	Registered address
See page 222 for footnotes.				
Namibia	Longboat Trading (Pty) Ltd	100%	Ordinary	24 Orban Street, Klein Windhoek, Windhoek
Namibia	Mamora Mines & Estates Limited	28%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Diamond Corporation (Pty) Ltd	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Holdings (Pty) Ltd	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Properties (Pty) Ltd	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namibia Diamond Trading Company (Pty) Ltd	43%	Ordinary	9th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	OMDis Town Transformation Agency	43%	N/A	Unit 6, Gold Street, Business Park, Prosperita, Windhoek
Namibia	Oranjemund Private Hospital (Proprietary) Limited	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Oranjemund Town Management Company (Pty) Ltd	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Hospital Pharmacy (Pty) Ltd	43%	Ordinary	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Netherlands	Anglo American (TIH) B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Anglo American Exploration B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Anglo American Exploration (Philippines) B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Anglo American International B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Anglo American Netherlands B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Anglo Operations (Netherlands) B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Element Six N.V.	85%	Ordinary	De Nieuwe Erven 2, 5431 NT, Cuijk
Netherlands	Erabas B.V[(6)]	79%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Loma de Niquel Holdings B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
Netherlands	Minorco Exploration (Indonesia) B.V.[(6)]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN, United Kingdom
North Macedonia	Anglo American Exploration West Tetyan Skopje	100%	Ordinary	Str. Risto Ravanovski no. 13A, 1000, Skopje, Municipality of Karpos
Panama	Cibra Trading Inc	30%	Ordinary	Street 53, East Marbella, MMG Tower 2nd Floor, Republic of Panama
Papua New Guinea	Anglo American (Star Mountain) Limited	100%	Ordinary	c/o Norton Rose Fulbright Papua New Guinea, Harbourside West, Level 2, Stanley, Esplanade, Port Moresby, National Capital District
Papua New Guinea	Anglo American Exploration (PNG) Limited	100%	Ordinary	c/o Norton Rose Fulbright Papua New Guinea, Harbourside West, Level 2, Stanley, Esplanade, Port Moresby, National Capital District
Peru	Anglo American Marketing Peru S.A.	100%	Ordinary	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Anglo American Peru S.A.	100%	Ordinary	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Anglo American Quellaveco S.A.	60%	Class A Ordinary Class B Non-Voting	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Anglo American Servicios Perú S.A.	100%	Ordinary	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Asociación Michiquillay	100%	N/A	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Asociación Quellaveco	100%	N/A	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Cobre del Norte S.A.	100%	Ordinary	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Philippines	Anglo American Exploration (Philippines) Inc.	100%	Ordinary	c/o SyCipLaw Center, 105 Paseo de Roxas, Makati City 1226, Metro Manila
Sierra Leone	Gemfair (SL) Limited	85%	Ordinary	31 Lightfoot Boston Street, Freetown, Sierra Leone
Singapore	Anglo American Exploration (Singapore) Pte. Ltd	100%	Ordinary	10 Collyer Quey, #38-00 Ocean Financial Centre, 049315
Singapore	Anglo American Shipping Pte. Limited	100%	Ordinary	10 Collyer Quay, Level 38 Ocean Financial Centre, 049315

Group structure

35. Related undertakings of the Group continued

Country of incorporation[(1)(2)]	Name of undertaking	Percentage of equity owned[(3)]	Share class	Registered address
See page 222 for footnotes.				
Singapore	De Beers Auction Sales Singapore Pte. Ltd.	85%	Ordinary	10 Collyer Quay, #03-04 Ocean Financial Centre, 049315
Singapore	Kumba Singapore Pte. Ltd.	53%	Ordinary	10 Collyer Quey, #38-00 Ocean Financial Centre, 049315
Singapore	MR Iron Ore Marketing Services Pte. Ltd.	50%	Ordinary	10 Collyer Quey, #38-00 Ocean Financial Centre, 049315
Singapore	Samancor Marketing Pte. Ltd.	40%	Ordinary	Libreville, Batter IV, Soraya Bulding, B.P. 15.950.
Singapore	Sirius Minerals (Singapore) Pte. Ltd	100%	Ordinary	80 Robinson Road, #02-00, 068898
South Africa	AEF Mining Services (Pty) Ltd	25%	Ordinary	Zommerlust Building, Rietbok Road, Kathu, Northern Cape, 8446
South Africa	Africa Pipe Industries North (Pty) Ltd	40%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Amaprop Townships Ltd	100%	Ordinary	61 Katherine Street, Sandton, 2196
South Africa	Ambase Investment Africa (Botswana) (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (DRC) (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (Namibia) (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (Tanzania) (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (Zambia) (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Corporation of South Africa (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American EMEA Shared Services (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Farms (Pty) Ltd	100%	Ordinary	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Anglo American Farms Investment Holdings (Pty) Ltd	100%	Ordinary	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Anglo American Group Employee Shareholder Nominees (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Inyosi Coal (Pty) Ltd	73%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Marketing South Africa	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Platinum Limited	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Anglo American Properties Ltd	100%	Ordinary	61 Katherine Street, Sandton, 2196
South Africa	Anglo American Prospecting Services (Pty) Ltd	100%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Anglo American SA Finance Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Sebenza Fund (Pty) Ltd	100%	Odinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American SEFA Mining Fund (Pty) Ltd	50%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American South Africa Investments Proprietary Limited	100%	Ordinary Preference	44 Main Street, Johannesburg, 2001
South Africa	Anglo American South Africa Proprietary Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Zimele (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Zimele Community Fund (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Zimele Loan Fund (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo Coal Investment Africa (Botswana) (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo Corporate Enterprises (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo Corporate Services South Africa Proprietary Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo Operations (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Anglo Platinum Management Services (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Anglo South Africa (Pty) Ltd	100%	Ordinary Redeemable Preference	44 Main Street, Johannesburg, 2001
South Africa	Anglo South Africa Capital (Pty) Ltd	100%	Ordinary Redeemable Preference	44 Main Street, Johannesburg, 2001
South Africa	Anseld Holdings Proprietary Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Asambeni Mining (Proprietary) Limited	56%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Atomatic Trading (Pty) Limited	58%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Balgo Nominees (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Blinkwater Farms 244KR (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
South Africa	Blue Steam Investments (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Boikgantsho Platinum Mine (Pty) Ltd	38%	Ordinary	5 Jellicoe Avenue, Rosebank, Johannesburg, 2913
South Africa	Bokoni Platinum Holdings (Pty) Ltd	38%	Ordinary	82 Grayston Drive, Sandton, Johannesburg, 2196
South Africa	Bokoni Platinum Mines (Pty) Ltd	38%	Ordinary	4th Floor Atholl, Johannesburg, Gauteng 2196
South Africa	Butsanani Energy Investment Holdings (Pty) Ltd	67%	Ordinary	151 Katherine Street, Sandton, 2196
South Africa	Colliery Training College (Pty) Limited	56%	Ordinary	5 Hollard Street, Johannesburg. P O Box 61809, Marshalltown, 2107
South Africa	Damelin Emalahleni (Pty) Ltd	20%	Ordinary	Cnr O R Tambo & Beatrix Avenue, Witbank, 1035
South Africa	DBCM Holdings (Pty) Ltd	63%	Ordinary	36 Stockdale Street, Kimberley, 8301
South Africa	De Beers Consolidated Mines (Pty) Ltd[9]	63%	Ordinary	36 Stockdale Street, Kimberley, 8301
South Africa	De Beers Group Services (Pty) Ltd	85%	Ordinary Redeemable Preference	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	De Beers Marine (Pty) Ltd	85%	Ordinary	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	De Beers Matlafalang Business Development (Pty) Ltd	63%	Ordinary	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	De Beers Sightholder Sales South Africa (Pty) Ltd	63%	Ordinary	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	Dido Nominees (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Element Six (Production) Proprietary Limited	51%	Ordinary	Debid Road, Nuffield, Springs, 1559
South Africa	Element Six South Africa Proprietary Limited	51%	Ordinary	Debid Road, Nuffield, Springs, 1559
South Africa	Element Six Technologies Proprietary Limited	85%	Ordinary	Debid Road, Nuffield, Springs, 1559
South Africa	Ga-Phasha Platinum Mine (Pty) Limited	38%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Hotazel Manganese Mines Proprietary Limited	30%	Ordinary Preference	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Ingagane Colliery (Pty) Ltd	98%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Khongoni Haaskraal Coal (Pty) Ltd	20%	Ordinary	Unit 3, Bauhinia Street, Highveld Technopark, Centurion, 0157
South Africa	KIO Investments Holdings (Pty) Ltd	70%	Ordinary	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Kroondal UJV	50%	N/A	Constantia Office Park, Cnr 14th Avenue & Hendrik Potgieter Road, Bridgeview House, Ground Floor (Lakeview Avenue), Weltevreden Park, 1709
South Africa	Kumba BSP Trust	53%	N/A	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Kumba Iron Ore Limited	70%	Ordinary	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Kwanda Platinum Mine (Pty) Ltd	38%	Ordinary	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	Lebowa Platinum Mines Limited	38%	Ordinary	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	Lexshell 49 General Trading (Pty) Ltd	35%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Longboat (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Mafube Coal Mining (Pty) Ltd	50%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Main Place Holdings Limited	39%	Ordinary	Suite 801, 76 Regent Road, Sea Point, Western Cape 8005
South Africa	Manganore Iron Mining Proprietary Limited	47%	Ordinary	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Manngwe Mining (Pty) Ltd	20%	Ordinary	Suite 105, Lorgadia Building, Embankment Road, Centurion, 0157
South Africa	Marikana Ferrochrome Limited	100%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Marikana Minerals (Pty) Ltd	100%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Marikana UJV	50%	N/A	Constantia Office Park, Cnr 14th Avenue & Hendrik Potgieter Road, Bridgeview House, Ground Floor (Lakeview Avenue), Weltevreden Park, 1709

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
South Africa	Matthey Rustenburg Refiners (Pty) Ltd	79%	A' Redeemable cumulative Preference shares 'B' Redeemable cumulative Preference shares 'A' Ordinary Shares 'B Ordinary Shares	55 Marshall Street, Johannesburg, 2001
South Africa	Meruka Mining (Pty) Ltd	30%	Ordinary	16 North Road, Dunkeld Court, Dunkeld West, 2196
South Africa	Metalloys Manganese Smelter Proprietary Limited	40%	Ordinary NPV	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Micawber 146 (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Modikwa Mining Personnel Services (Pty) Ltd	39%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Modikwa Platinum Mine (Pty) Ltd	39%	Ordinary	16 North Road, Dunkeld Court, Dunkeld West, 2196
South Africa	Modikwa Platinum Mine UJV	50%	N/A	ARM House, 29 Impala Road, Chislehurston, Sandton, 2196
South Africa	Mogalakwena Mine Solar Power (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Mogalakwena Platinum Mines	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Mototolo UJV	100%	N/A	55 Marshall Street, Johannesburg, 2001
South Africa	Newshelf 1316 (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Newshelf 480 (Pty) Ltd	55%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Norsand Holdings (Pty) Ltd	79%	Ordinary 'B' Ordinary Non-Cumulative Redeemable Preference	55 Marshall Street, Johannesburg, 2001
South Africa	Peglarae Hospital (PTY) Ltd	31%	Ordinary	Oxford Manner, 21 Chaplin Road, Illovo, 2196
South Africa	Peruke (Pty) Ltd	51%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Phola Coal Processing Plant (Pty) Ltd	37%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Platmed (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Platmed Properties (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Polokwane Iron Ore Company (Pty) Ltd	27%	Ordinary	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Ponahalo Investments (RF) (Pty) Ltd[10]	–%	N/A	De Beers Consolidated Mines Corner, Corner Diamond and Crownwood Road, Theta – Booysens Reserve, Johannesburg, 2000
South Africa	Precious Metals Refiners Proprietary Limited	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Pro Enviro (Pty) Ltd	20%	Ordinary	Greenside Colliery, PTN 0ff 331, Blackhills, 1032
South Africa	Resident Nominees (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Richards Bay Coal Terminal (Pty) Ltd	23%	Ordinary	South Dunes, Richards Bay Harbour, Richards Bay, 3900, KwaZulu Natal
South Africa	Rietvlei Mining Company (Pty) Ltd	34%	Ordinary	151 Katherine Street, Sandton, 2196. P O Box 652419, Benmore, 2010
South Africa	Rustenburg Base Metals Refiners Proprietary Limited	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Rustenburg Platinum Mines Limited	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Samancor Holdings Proprietary Limited	40%	Ordinary	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Samancor Manganese Proprietary Limited	40%	Ordinary NPV	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Sheba's Ridge Platinum (Pty) Ltd	27%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	Sibelo Resource Development (Pty) Ltd	53%	Ordinary	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Sishen Iron Ore Company (Pty) Ltd	53%	Ordinary	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	South Africa Coal Operations Proprietary Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Spectrem Air Pty Ltd	93%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Springfield Collieries Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Tenon Investment Holdings (Pty) Ltd	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Terra Nominees Proprietary Limited	40%	Ordinary	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	The Village of Cullinan (Pty) Ltd	63%	Ordinary	36 Stockdale Street, Kimberley, 8301
South Africa	The Work Expert (Pty) Ltd	47%	Ordinary	17 Du Plooy Street, FH Building, Potchefstroom, North West, 2530

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
South Africa	Vergelegen Wine Estate (Pty) Ltd	100%	Ordinary	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Vergelegen Wines (Pty) Ltd	100%	Ordinary	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Whiskey Creek Management Services (Pty) Ltd	79%	Ordinary	55 Marshall Street, Johannesburg, 2001
South Africa	WPIC Holdings Pty Ltd	43%	Ordinary	5 Hollard Street, Johannesburg, 1627
South Africa	Anglo Inyosi Coal Security Company Limited	100%	Ordinary	44 Main Street, Johannesburg, 2001
South Africa	Main Street 1252 (Pty) Ltd (RF)	63%	Ordinary	Cornerstone, Corner of Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	Roodepoortjie Resources (Pty) Ltd	49%	Ordinary	16 North Road, Dunkeld Court, Dunkeld West, 2196
Sweden	Element Six AB	51%	Ordinary	c/o Advokatbyrån Kaiding, Box 385, 931 24 Skellefteå
Switzerland	De Beers Centenary AG[6]	85%	Ordinary	c/o Telemarketing, Plus AG, Sonnenplatz 6, 6020, Emmenbrücke
Switzerland	Element Six SA	51%	Ordinary	rue du Tir-au-Canon 2r, Carouge, Geneva
Switzerland	PGI SA	78%	Ordinary	Avenue Mon- Repos 24, Case postale 656, CH- 1001 Lausanne
Switzerland	Synova S.A.	28%	Ordinary	13 Route de Genolier; 1266 Duillier
Tanzania	Ambase Prospecting (Tanzania) (Pty) Ltd	100%	Ordinary	c/o Mawalla Advocates, Mawalla Road, Mawalla Heritage Park, Plot No. 175/20, Arusha
United Arab Emirates	De Beers DMCC	85%	Ordinary	Office 4D, Almas Tower, Jumeirah Lakes Towers, Dubai
United Kingdom	Anglo American (TIIL) Investments Limited	100%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	Anglo American Australia Investments Limited[11]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Capital Australia Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Capital plc[11]	100%	Ordinary 3% Cumulative Preference	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American CMC Holdings Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Corporate Secretary Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Diamond Holdings Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Finance (UK) Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Foundation	100%	Limited by guarantee	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Holdings Limited	100%	Ordinary 8% Preference 8.3% Preference B shares	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American International Holdings Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Investments (UK) Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Marketing Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Medical Plan Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Medical Plan Trust	100%	N/A	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American PNG Holdings Limited	100%	Ordinary	1 More London Place, London SE1 2AF
United Kingdom	Anglo American Prefco Limited[11]	100%	Ordinary Capital Preference Preference	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Projects UK Limited[11]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American REACH Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Services (UK) Ltd.[11]	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Services Overseas Limited	100%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	Anglo American Technical & Sustainability Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Technical & Sustainability Services Ltd	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Woodsmith Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo Base Metals Marketing Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo Platinum Marketing Limited	79%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
United Kingdom	Anglo UK Pension Trustee Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anmercosa Finance Limited	100%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	AP Ventures Fund I LP	39%	N/A	45 Old Bond Street, London W1S 4QT
United Kingdom	AP Ventures Fund II LP	20%	N/A	45 Old Bond Street, London W1S 4QT
United Kingdom	Birchall Gardens LLP	50%	N/A	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	Charterhouse CAP Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Curtis Fitch Limited	21%	Ordinary B	Formal House, 60 St George's Place, Cheltenham, Gloucestershire, GL50 3PN
United Kingdom	De Beers Intangibles Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	De Beers Jewellers Limited	85%	A Ordinary B Ordinary Deferred Share Special Dividend Share	45 Old Bond Street, London, W1S 4QT
United Kingdom	De Beers Jewellers Trade Mark Limited	85%	Ordinary	45 Old Bond Street, London, W1S 4QT
United Kingdom	De Beers Jewellers UK Limited	85%	Ordinary	45 Old Bond Street, London, W1S 4QT
United Kingdom	De Beers Trademarks Limited	85%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	De Beers UK Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Ebbsfleet Property Limited	50%	Ordinary	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	Element Six (Production) Limited	51%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	Element Six (UK) Limited	51%	Ordinary	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Element Six Abrasives Holdings Limited	51%	Ordinary A Preference	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Element Six Holdings Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Element Six Limited	85%	Ordinary	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Element Six Technologies Limited	85%	Ordinary	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Ferro Nickel Marketing Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Forevermark Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Gemfair Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	IIDGR (UK) Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Lightbox Jewelry Ltd.	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Reunion Mining Limited	100%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	Rhoanglo Trustees Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Sach 1 Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Sach 2 Limited	100%	Ordinary Redeemable Preference	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Security Nominees Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Sirius Minerals Foundation	100%	Limited by guarantee	3rd Floor Greener House, 66-68 Haymarket, London, SW1Y 4RF
United Kingdom	Sirius Minerals Holdings Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Swanscombe Development LLP	50%	N/A	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	The Diamond Trading Company Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	TRACR Limited	85%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	York Potash Holdings Limited	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	York Potash Intermediate Holdings Plc	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	York Potash Ltd	100%	Ordinary B preference Non-voting	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	York Potash Processing & Ports Limited	100%	Ordinary Non-voting	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	YPF Ltd	100%	Ordinary	20 Carlton House Terrace, London, SW1Y 5AN
United States of America	Anglo American US Holdings Inc.[12]	100%	Common shares	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington Delaware, 19808
United States of America	Dakota Salts LLC	100%	Membership interest	120 W Sweet Ave, Bismarck, ND 58504-5566

Group structure

35. Related undertakings of the Group continued

Country of incorporation[1][2]	Name of undertaking	Percentage of equity owned[3]	Share class	Registered address
See page 222 for footnotes.				
United States of America	De Beers Jewellers US, Inc.	85%	Common	300 First Stamford place, Stamford, CT 06902
United States of America	Element Six Technologies (OR) Corp.	85%	Ordinary	3500 South Dupont Highway, Dover, County of Kent DE 19901
United States of America	Element Six Technologies US Corporation	85%	Ordinary	Incorporating Services Limited, 3500 South Dupont Highway, Dover, County of Kent DE 19901
United States of America	Element Six US Corporation	51%	Common stock	24900 Pitkin Road, Suite 250, Spring TX 77386
United States of America	Forevermark US Inc.	85%	Common	300 First Stamford Place, Stamford, CT, 06902
United States of America	Lightbox Jewelry Inc.	85%	Ordinary	3500 South Dupont Highway, Dover, County of Kent DE 19901
United States of America	Platinum Guild International (U.S.A.) Jewelry Inc.	79%	Ordinary	125 Park Avenue, 25th Floor, New York, New York 10017
Venezuela	Minera Loma de Niquel C.A.	100%	Class A	Torre Humboldt, floor 9, office 09-07, Rio Caura Street, Prados del Este. Caracas 1080
Zambia	Anglo Exploration (Zambia) (Pty) Ltd	100%	Ordinary	11 Katemo Road, Rhodes Park, Lusaka
Zimbabwe	Amzim Holdings Limited	79%	Ordinary	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Anglo American Corporation Zimbabwe Limited	79%	Ordinary	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Broadlands Park Limited	79%	Ordinary	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Southridge Limited	79%	Ordinary	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Unki Mines (Private) Limited	79%	Ordinary	28 Broadlands Road, Emerald Hill, Harare

(1) All the companies with an incorporation in the United Kingdom are registered in England and Wales.
(2) The country of tax residence is disclosed where different from the country of incorporation.
(3) All percentages have been rounded.
(4) Tax resident in Colombia.
(5) The interest in Debswana Diamond Company (Pty) Ltd is held indirectly through De Beers and is consolidated on a 19.2% proportionate basis, reflecting economic interest. The Group's effective interest in Debswana Diamond Company (Pty) Ltd is 16.3%.
(6) Tax resident in the United Kingdom.
(7) 2% direct holding by Anglo American plc.
(8) 0.03% direct holding by Anglo American plc.
(9) A 74% interest in De Beers Consolidated Mines (Pty) Ltd (DBCM) and its subsidiaries is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.
(10) Ponahalo Investments (RF) (Pty) Ltd is deemed to be controlled due to the financing structure in place and is consolidated as a majority owned subsidiary.
(11) 100% direct holding by Anglo American plc.
(12) Anglo American Exploration (USA) Inc. merged into Anglo American US Holdings Inc. effective 31 December 2020.

Other items

This section includes disclosures about related party transactions, auditor's remuneration, leases and accounting policies.

36. Related party transactions

The Group has related party relationships with its subsidiaries, joint operations, associates and joint ventures (see notes 34 and 35). Members of the Board and the Group Management Committee are considered to be related parties.

The Company and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with joint operations, associates, joint ventures and others in which the Group has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties.

	Associates		Joint ventures		Joint operations	
US$ million	**2020**	2019	**2020**	2019	**2020**	2019
Transactions with related parties						
Sale of goods and services	**—**	—	**—**	—	**87**	163
Purchase of goods and services	**(28)**	(20)	**(197)**	(170)	**(1,985)**	(2,893)
Balances with related parties						
Trade and other receivables from related parties	**—**	3	**1**	—	**21**	17
Trade and other payables to related parties	**(38)**	(5)	**(31)**	(31)	**(157)**	(128)
Loans receivable from related parties	**—**	—	**154**	230	**—**	—

Balances and transactions with joint operations or joint operation partners represent the portion that the Group does not have the right to offset against the corresponding amount recorded by the respective joint operations. These amounts primarily relate to purchases by De Beers and Platinum Group Metals from their joint operations in excess of the Group's attributable share of their production.

Loans receivable from related parties are included in Financial asset investments on the Consolidated balance sheet.

Remuneration and benefits received by directors are disclosed in the Remuneration report. Remuneration and benefits of key management personnel, including directors, are disclosed in note 26. Information relating to pension fund arrangements is disclosed in note 27.

37. Auditor's remuneraton

	2020				2019			
	Paid/payable to PwC			Paid/payable to auditor (if not PwC)	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)
US$ million	United Kingdom	Overseas	Total	United Kingdom and overseas	United Kingdom	Overseas	Total	Overseas
Paid to the Company's auditor for audit of the Anglo American plc Annual Report	**1.6**	**3.9**	**5.5**	**—**	1.4	3.4	4.8	—
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	**2.4**	**2.9**	**5.3**	**1.2**	0.4	4.7	5.1	0.3
Total audit fees	**4.0**	**6.8**	**10.8**	**1.2**	1.8	8.1	9.9	0.3
Audit related assurance services	**1.0**	**0.9**	**1.9**	**—**	0.5	0.9	1.4	—
Other assurance services	**0.2**	**0.9**	**1.1**	**0.6**	0.3	0.3	0.6	—
Other non-audit services	**—**	**—**	**—**	**—**	0.3	0.4	0.7	—
Total non-audit fees	**1.2**	**1.8**	**3.0**	**0.6**	1.1	1.6	2.7	—

Audit related assurance services includes $1.9 million (2019: $1.4 million) for the interim review.

Other items

38. Leases

Overview
Lease agreements give rise to the recognition of a right-of-use asset (see note 11) and a related liability for future lease payments (see note 21).

Further information
Amounts recognised in the balance sheet
The balance sheet shows the following amounts relating to leases:

Right-of use assets are detailed in note 11. Per requirements of IFRS 16 *Leases*, lease agreements give rise to the recognition of a right-of-use asset and a related liability for future lease payments. The costs of leases other than short term leases less than 12 months, variable leasing costs and leases of low value assets are allocated between the depreciation of right-of-use assets and a finance charge representing the unwind of the discount on lease liabilities.

Leases relate principally to corporate offices, diamond jewellery retail outlets and shipping vessels. The Group leases land and buildings for its office space, for employee accommodation and retail stores for De Beers Jewellers. The leases for office space typically run for 5 to 25 years, employee accommodation up to 25 years and leases of retail stores 5 to 25 years. Some longer leases incorporate fixed increases in rentals or provide for annual uplifts based upon an index, typically a measure of inflation.

Lease liabilities balance and maturity analysis:

US$ million	2020	2019
Amount due for repayment within one year	**198**	245
Greater than one year, less than two years	**103**	113
Greater than two years, less than three years	**58**	75
Greater than three years, less than four years	**42**	34
Greater than four years, less than five years	**35**	35
Greater than five years	**240**	203
Total due for repayment after more than one year	**478**	460
Total	**676**	705

Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

US$ million	2020	2019
Depreciation (see note 11)	**177**	255
Interest expense (included in finance costs, see note 4)	**32**	32
Expense relating to short term leases less than 12 months, variable leasing costs and leases of low value	**123**	36

Amounts recognised in the cash flow statement
In the Consolidated cash flow statement for the year ended 31 December 2020, the total amount of cash paid in respect of leases recognised on the Consolidated balance sheet are split between repayments of principal of $195 million (2019: $272 million) and repayments of interest of $26 million (2019: $30 million), both presented within cash flows from financing activities. The repayment of both principal and interest forms part of both the Attributable free cash flow and Sustaining attributable free cash flow Alternative Performance Measures.

Further disclosures
Further disclosures required by IFRS 16 *Leases* are presented in notes 4, 11 and 21.

Accounting judgements
At the date of inception of a new contract or significant modification of an existing contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the asset for a period of time in exchange for consideration. To identify lease arrangements, the Group assesses whether:

- The contract specifies the use of an identified asset or collection of assets.
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset(s).
- The Group has the right to direct the use of the asset(s).

The Group has paid particular attention to the judgement over whether the lessor has a substantive right to substitute the specified assets for alternatives.

- Many assets used by the Group are highly specialised in nature and are purpose-built or modified to meet the Group's specification. Judgement is required to assess whether the assets can be substituted and used for other purposes without significant additional modification.
- The remote location of some of the Group's operations presents practical difficulties to the substitution of assets. Judgement is required to determine whether assets in remote locations can be relocated to other locations within a reasonable timeframe and cost.
- At some locations, high levels of security restrict the movement of assets to alternative locations, limiting the ability to substitute assets.
- The Group's health and safety standards exceed statutory requirements in some jurisdictions. This places limitations on the ability to substitute certain assets, such as vehicles. Judgement is required to assess whether equivalent assets meeting the Group's requirements can be sourced within required operational timeframes.

The Group recognises a lease liability and a corresponding right-of-use asset at the commencement date of the lease.

Accounting policy
Accounting policies applied to lease liabilities and corresponding right-of-use assets are set out respectively in notes 39F and 39D.

Other items

39. Accounting policies

A. Basis of preparation

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, IFRS Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS and the requirements of the Disclosure and Transparency rules of the Financial Conduct Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's results are presented in US dollars, the currency in which its business is primarily conducted.

Changes in accounting policies and disclosures

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2019, except for the changes set out below:

Adoption of new accounting pronouncements
The following new accounting pronouncements became effective in the current reporting period:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 *Business Combinations*

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

Physical settlement of contracts to buy or sell a non-financial item
In March 2019, the International Financial Reporting IFRS Interpretations Committee (IFRS IC) issued an agenda decision on the Physical Settlement of Contracts to Buy or Sell a Non-Financial Item. The committee concluded that, for physical commodity trades within the scope of IFRS 9 *Financial Instruments*, entities should not reverse previously recognised unrealised marked to market movements on settlement of the contract and that the settlement entries should instead include an entry for the settlement of the previously recognised derivative asset or liability. The Group has now amended its accounting policies and processes to comply with the agenda decision. The impact of adopting the agenda decision is not material for either the current or comparative period and hence comparative period results have not been restated.

Inventory accounting policy
The Group has amended its inventory accounting policy to present inventories not expected to be processed in the next 12 months within non-current assets. As a result, ore stockpiles that are included within work in progress totalling $643 million at 31 December 2019 have been reclassified to non-current assets.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial review on pages 62-65. Further details of our policy on financial risk management are set out in note 23 to the financial statements on pages 192-194. The Group's net debt (including related hedges) at 31 December 2020 was $5.6 billion (2019: $4.6 billion), representing a gearing level of 15% (2019: 13%). The Group's liquidity position (defined as cash and undrawn committed facilities) of $17.5 billion at 31 December 2020 remains strong. Details of borrowings and facilities are set out in note 21 on page 187 and net debt is set out in note 20 on pages 185-186.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2022 under base and downside scenarios, with consideration given to the uncertainty of the impact of the Covid-19 pandemic on both the wider macro-economic environment, including demand for the Group's products and realised prices, and the Group's operations, including production levels. In all of the scenarios modelled, the Group maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

New IFRS accounting standards, amendments and interpretations not yet adopted

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Group:

- Amendments to IAS 1 *Presentation of financial statements: classification of liabilities as current or non-current*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform — Phase 2*
- Amendments to IAS 37 *Provisions, contingent liabilities and continent assets: onerous contracts*
- Amendments to IFRS 3 *Business combinations: updating a reference to the conceptual framework*
- Annual Improvements to IFRS Standards 2018–2020

IAS 16 Property, Plant and Equipment: Proceeds before intended use
An amendment to IAS 16 – *Proceeds before intended use* was published in May 2020 and will be effective for the Group from 1 January 2022.

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling these items, and the associated costs will be recognised in the income statement. IAS 2 *Inventories* should be applied in identifying and measuring the cost of the items.

Significant judgement will be required in allocating costs between those costs associated with producing and selling items before the item of property, plant and equipment is available for its intended use, and those costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

During 2020, the Group has begun its impact assessment on the amendment. It is expected to impact projects entering commercial production in 2022.

B. Basis of consolidation

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint arrangements and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Other items

39. Accounting policies continued

For non-wholly owned subsidiaries, non-controlling interests are presented in equity separately from the equity attributable to shareholders of the Company. Profit or loss and other comprehensive income are attributed to the shareholders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest in subsidiaries that do not result in a change in control are accounted for in equity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity and attributed to the shareholders of the Company.

Foreign currency transactions and translation

Foreign currency transactions by Group companies are recognised in the functional currencies of the companies at the exchange rate ruling on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified in the income statement according to the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of the transactions. Any exchange differences arising are classified within the statement of comprehensive income and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future, and therefore form part of the Group's net investment in these foreign operations, are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets of the foreign entity and translated at the closing rate.

Tenon

Tenon Investment Holdings Proprietary Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Proprietary Limited (AASA), has entered into agreements with Epoch Investment Holdings (RF) Proprietary Limited (Epoch), Epoch Two Investment Holdings (RF) Proprietary Limited (Epoch Two) and Tarl Investment Holdings (RF) Proprietary Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group. Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market. Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate, which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies, provided all the funding required to acquire the Anglo American plc shares through the market. These payments by Tenon were sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of $3.87 per share to Epoch, $6.02 per share to Epoch Two and $4.99 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, as these are own shares of the Company, any resulting gain or loss recorded by Tenon will not be recognised in the Consolidated income statement of Anglo American plc.

Under the agreements, the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote on those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Epoch Two and Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Epoch Two and Tarl. Any remaining distributable earnings in the Investment Companies, after the above dividends, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with participation in future dividend receipts. The Investment Companies will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2020 the Investment Companies together held 112,300,129 (2019: 112,300,129) Anglo American plc shares, which represented 8.2% (2019: 8.2%) of the ordinary shares in issue (excluding treasury shares) with a market value of $3,720 million (2019: $3,207 million). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

The Investment Companies are considered to be structured entities. Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Group considers that the agreement outlined above, including Tenon's right to nominate the transferee of the Anglo American plc shares held by the Investment Companies, results in the Group having control over the Investment Companies as defined under IFRS 10 *Consolidated Financial Statements*. Accordingly, the Investment Companies are required to be consolidated by the Group.

C. Financial performance

Revenue recognition

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time.

Revenue is derived principally from commodity sales, and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. A sale is recognised when control has been transferred. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Sales of metal concentrate are stated at their invoiced amount which is net of treatment and refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. These sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. Revenue on provisionally priced sales is recognised at the forward market price when control passes to the customer and is classified as revenue from contracts with customers. Subsequent mark-to-market adjustments are recognised in revenue from other sources.

Revenues from the sale of material by-products are recognised within revenue at the point control passes. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Revenue from services is recognised over time in line with the policy above. For contracts which contain separate performance obligations for the sale of commodities and the provision of freight services, the portion of the revenue representing the obligation to perform the freight service is deferred and recognised over time as the obligation is fulfilled, along with the associated costs. In situations where the Group is acting as an agent, amounts billed to customers are offset against the relevant costs.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Other items

39. Accounting policies continued

Exploration and evaluation expenditure
Exploration and evaluation expenditure is expensed in the year in which it is incurred.

Exploration expenditure is the cost of exploring for Mineral Resources other than that occurring at existing operations and projects and comprises geological and geophysical studies, exploratory drilling and sampling and Mineral Resource development.

Evaluation expenditure includes the cost of conceptual and pre-feasibility studies and evaluation of Mineral Resources at existing operations.

When a decision is taken that a mining project is technically feasible and commercially viable, usually after a pre-feasibility study has been completed, subsequent directly attributable expenditure, including feasibility study costs, are considered development expenditure and are capitalised within property, plant and equipment.

Exploration properties acquired are recognised on the balance sheet when management considers that their value is recoverable. These properties are measured at cost less any accumulated impairment losses.

Short term and low value leases
Leases with a term of less than 12 months or those with committed payments of less than $5,000 are not recognised in the balance sheet. The Group recognises payments for these leases as an expense on a straight-line basis over the lease term within operating costs in underlying EBITDA.

Borrowing costs
Interest on borrowings directly relating to the financing of qualifying assets in the course of construction is added to the capitalised cost of those projects under 'Capital works in progress', until such time as the assets are substantially ready for their intended use or sale.

Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

D. Capital base

Business combinations and goodwill arising thereon
The identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint arrangement or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. The estimation of the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. Goodwill is the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) less the fair value of the Group's share of identifiable net assets on acquisition.

Where a business combination is achieved in stages, the Group's previously held interests in the acquiree are remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in the income statement.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement, where such treatment would be appropriate if that interest were disposed of.

Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint operations is included within intangible assets. Goodwill relating to associates and joint ventures is included within the carrying value of the investment.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is recognised directly in the income statement in the period of acquisition.

For non-wholly owned subsidiaries, non-controlling interests are initially recorded at the non-controlling interests' proportion of the fair values of net assets recognised at acquisition.

Impairment of goodwill, intangible assets and property, plant and equipment
Goodwill arising on business combinations is allocated to the group of cash generating units (CGUs) that is expected to benefit from synergies of the combination, and represents the lowest level at which goodwill is monitored by the Group's Board of directors for internal management purposes. The recoverable amount of the CGU, or group of CGUs, to which goodwill has been allocated is tested for impairment annually, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement. Impairment of goodwill is not subsequently reversed.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use (VIU) assessed using discounted cash flow models, as explained in note 7. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU. A reversal of an impairment loss is recognised in the income statement.

In addition, in making assessments for impairment, management necessarily applies its judgement in allocating assets, including goodwill, that do not generate independent cash inflows to appropriate CGUs.

Subsequent changes to the CGU allocation, to the timing of cash flows or to the assumptions used to determine the cash flows could impact the carrying value of the respective assets.

Non-mining licences and other intangible assets
Non-mining licences and other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets are amortised over their estimated useful lives, usually between 3 and 20 years, except goodwill and those intangible assets that are considered to have indefinite lives. For intangible assets with a finite life, the amortisation period is determined as the period over which the Group expects to obtain benefits from the asset, taking account of all relevant facts and circumstances including contractual lives and expectations about the renewal of contractual arrangements without significant incremental costs. An intangible asset is deemed to have an indefinite life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

Deferred stripping
The removal of rock or soil overlying a mineral deposit, overburden, and other waste materials is often necessary during the initial development of an open pit mine site, in order to access the orebody. The process of removing overburden and other mine waste materials is referred to as stripping. The directly attributable cost of this activity is capitalised in full within 'Mining properties - owned', until the point at which the mine is considered to be capable of operating in the manner intended by management. This is classified as growth or life extension capital expenditure, within investing cash flows.

Other items

39. Accounting policies continued

The removal of waste material after the point at which depreciation commences is referred to as production stripping. When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2 *Inventories.*

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion that benefits future ore extraction is capitalised within 'Mining properties - owned'. This is classified as stripping and development capital expenditure, within investing cash flows. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and Life of Mine Plan and therefore changes to the design or Life of Mine Plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. This may occur at both open pit and underground mines, for example longwall development.

The cost of this waste removal is capitalised in full to 'Mining properties - owned'.

All amounts capitalised in respect of waste removal are depreciated using the unit of production method for the component of the orebody to which they relate, consistent with depreciation of property, plant and equipment.

The effects of changes to the Life of Mine Plan on the expected cost of waste removal or remaining Ore Reserves for a component are accounted for prospectively as a change in estimate.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost is the fair value of consideration required to acquire and develop the asset and includes the purchase price, acquisition of mineral rights, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation and, for assets that take a substantial period of time to get ready for their intended use, borrowing costs.

Gains or losses on disposal of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount. The gain or loss is recognised in the income statement.

Depreciation of property, plant and equipment

Mining properties are depreciated to their residual values using the unit of production method based on Proved and Probable Ore Reserves and, in certain limited circumstances, other Mineral Resources included in the Life of Mine Plan. These other Mineral Resources are included in depreciation calculations where, taking into account historical rates of conversion to Ore Reserves, there is a high degree of confidence that they will be extracted in an economic manner. This is the case principally for diamond operations, where depreciation calculations are based on Diamond Reserves and Diamond Resources included in the Life of Mine Plan. This reflects the unique nature of diamond deposits where, due to the difficulty in estimating grade, Life of Mine Plans frequently include significant amounts of Inferred Resources.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilisation or to throughput rather than production, are depreciated to their residual values at varying rates on a straight-line basis over their estimated useful lives, or the Reserve Life, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings. Under limited circumstances, items of plant and equipment may be depreciated over a period that exceeds the Reserve Life by taking into account additional Mineral Resources other than Proved and Probable Reserves included in the Life of Mine Plan, after making allowance for expected production losses based on historical rates of Mineral Resource to Ore Reserve conversion.

'Capital works in progress' are measured at cost less any recognised impairment. Depreciation commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset class.

Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Leased right-of-use assets

Leased right-of-use assets are included within property, plant and equipment, and on inception of the lease are recognised at the amount of the corresponding lease liability, adjusted for any lease payments made at or before the lease commencement date, plus any direct costs incurred and an estimate of costs for dismantling, removing, or restoring the underlying asset and less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the term of the lease, or, if shorter, the useful life of the asset. The useful lives of right-of-use assets are estimated on the same basis as those of owned property, plant and equipment.

Financial assets

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial asset investments and are initially recognised at fair value. The Group's financial assets are classified into the following measurement categories: debt instruments at amortised cost, equity instruments and debt instruments designated at fair value through other comprehensive income (OCI), and debt instruments, derivatives and equity instruments at fair value through profit and loss. Financial assets are classified as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

At subsequent reporting dates, financial assets at amortised cost are measured at amortised cost less any impairment losses. Other investments are classified as either at fair value through profit or loss (which includes investments held for trading) or at fair value through OCI. Both categories are subsequently measured at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses.

The Group has elected to measure equity instruments, which are neither held for trading nor are contingent consideration in a business combination, at fair value through OCI as this better reflects the strategic nature of the Group's equity investments. For equity instruments at fair value through OCI, changes in fair value, including those related to foreign exchange, are recognised in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss.

Impairment of financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The Group assesses on a forward looking basis the expected credit losses, defined as the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its assets carried at amortised cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses relating to equity instruments at fair value through OCI are not reported separately from other changes in fair value.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

Other items

39. Accounting policies continued

Environmental restoration and decommissioning obligations

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining asset. Costs for restoration of site damage, rehabilitation and environmental costs are estimated using either the work of external consultants or internal experts. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises.

These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

The amount recognised as a provision represents management's best estimate of the consideration required to complete the restoration and rehabilitation activity, the application of the relevant regulatory framework and timing of expenditure. These estimates are inherently uncertain and could materially change over time. Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out above.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are disclosed separately on the balance sheet as non-current assets.

The trusts' assets are measured based on the nature of the underlying assets in accordance with accounting policies for similar assets.

E. Working capital

Inventories

Inventory and work in progress are measured at the lower of cost and net realisable value, except for inventory held by commodity broker-traders which is measured at fair value less costs to sell. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following basis:

- Raw materials and consumables are measured at cost on a first in, first out (FIFO) basis or a weighted average cost basis
- Work in progress and finished products are measured at raw material cost, labour cost and a proportion of production overhead expenses
- Metal and coal stocks are included within finished products and are measured at average cost.

At precious metals operations that produce 'joint products', cost is allocated among products according to the ratio of contribution of these metals to gross sales revenues.

Inventory is recognised as a current asset where it is expected to be consumed in the next 12 months. Stockpiles are classified as non-current where stockpiles are not expected to be processed in the next 12 months and there is no market to sell the product in its current state.

F. Net debt and financial risk management

Cash and debt

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost except for money market fund investments which are held at fair value as they are redeemed through the sale of units in the funds and not solely through the recovery of principal and interest.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into.

Borrowings

Interest bearing borrowings and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Lease liabilities

Lease liabilities recognised on balance sheet are recognised within borrowings as part of net debt. On inception, the lease liability is recognised as the present value of the expected future lease payments, calculated using the Group's incremental borrowing rate, adjusted to reflect the length of the lease and country of location. For a minority of leases where it is possible to determine the interest rate implicit in the lease, it is used in place of the Group's incremental borrowing rate.

Lease payments included in the lease liability consist of each of the following:

- Fixed payments, including in-substance fixed payments
- Payments whose variability is dependent only upon an index or a rate, measured initially using the index or rate at the lease commencement date. The lease liability is revalued when there is a change in future lease payments arising from a change in an index or rate
- Any amounts expected to be payable under a guarantee of residual value
- The exercise price of a purchase option that the Group is reasonably certain to exercise, the lease payments after the date of a renewal option if the Group is reasonably certain to exercise its option to renew the lease, and penalties for exiting a lease agreement unless the Group is reasonably certain not to exit the lease early.

Variable leasing costs (other than those referred to above) and the costs of non-lease components are not included in the lease liability and are charged to operating costs in underlying EBITDA as they are incurred.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change to the forecast lease payments. When the lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset.

Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. Commodity based (own use) contracts that meet the scope exemption in IFRS 9 are recognised in earnings when they are settled by physical delivery. Commodity contracts which do not meet the own use criteria are accounted for as derivatives.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. Derivatives are classified as current or non-current depending on the contractual maturity of the derivative. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

Other items

39. Accounting policies continued

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged. The corresponding entry and gains or losses arising from remeasuring the associated derivative are recognised in the income statement within financing remeasurements.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group's material hedging instruments are interest rate swaps that have similar critical terms to the related debt instruments, such as payment dates, maturities and notional amount. As all critical terms matched during the year, there was no material hedge ineffectiveness. The Group also uses cross currency swaps to manage foreign exchange risk associated with borrowings denominated in foreign currencies. These are not designated in an accounting hedge as there is a natural offset against foreign exchange movements on associated borrowings.

The Group has designated the embedded derivative component of the royalty liability (see note 33) as a cash flow hedge of future revenue cash flows from the Woodsmith project. At 31 December 2020 the derivative is held at nil value and hence no accounting entries have been made. In future periods, assuming the hedge remains effective, fair value derivative gains and losses as a result of changing forecast price and production forecasts will be recorded within other comprehensive income and recycled to financing costs as the related revenue is recognised.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is recycled to the income statement for the period.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement.

Derivatives embedded in other financial instruments or non-financial host contracts (other than financial assets in the scope of IFRS 9) are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

Derivatives embedded in contracts which are financial assets in the scope of IFRS 9 are not separated and the whole contract is accounted for at either amortised cost or fair value.

Interest Rate Benchmark Reform: IFRS 9 *Financial Instruments and* IFRS 7 *Financial Instruments: Disclosures*

The Group uses interest rate derivatives to swap the majority of its Euro, Sterling and US dollar bonds from fixed interest rates to EURIBOR, GBP LIBOR and USD LIBOR respectively. Any non-USD interest rate derivatives are swapped to USD LIBOR using cross currency interest rate swaps which are not designated into hedges. The interest rate derivatives are designated into fair value hedges.

EURIBOR and LIBOR are expected to be replaced by alternative risk-free rates by the end of 2021 as part of inter-bank offer rate (IBOR) reform. Phase 2 IBOR amendments to IFRS 9 *Financial Instrument*s, IAS 39 *Hedge Accounting,* IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* were published in August 2020 and are effective from 1 January 2021.

The Group is continuing preparation for transition to incorporate alternative risk-free rates where the current interest benchmarks used by the Group are EURIBOR and LIBOR. The Group is monitoring the market and discussing the potential changes with its counterparties in order to effectively transition to alternative risk-free rates. The published amendments to IFRS 7 and IFRS 9 modify specific hedge accounting requirements and allow it to be assumed that the interest rate benchmark is not altered as a result of the uncertainties of IBOR reform when performing hedge effectiveness testing.

The Group will continue to apply the Phase 1 amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends. The Group is currently assessing alternative interest rate derivative contracts and the reliance upon replacement rates where relevant.

See note 21 for a list of the Group's Euro, Sterling and US dollar bonds which in turn reflects the nominal amount of the hedging instruments for those bonds which have been hedged.

G. Taxation

Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Probable taxable profits are based on evidence of historical profitability and taxable profit forecasts limited by reference to the criteria set out in IAS 12 *Income Taxes*. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis with that taxation authority.

H. Employees

Retirement benefits

The Group's accounting policy involves the use of 'best estimate' assumptions in calculating the schemes' valuations in accordance with the accounting standard. This valuation methodology differs from that applied in calculating the funding valuations, which require the use of 'prudent' assumptions, such as lower discount rates, higher assumed rates of future inflation expectations and greater improvements in life expectancy, leading to a higher value placed on the liabilities. The funding valuations are carried out every three years, using the projected unit credit method, by independent qualified actuaries and are used to determine the money that must be put into the funded schemes. The Group operates both defined benefit and defined contribution pension plans for its employees as well as post employment medical plans. For defined contribution plans the amount recognised in the income statement is the contributions paid or payable during the year.

Other items

39. Accounting policies continued

For defined benefit pension and post employment medical plans, full actuarial valuations are carried out at least every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, is based on government bonds. Pension plan assets are measured using year end market values.

Remeasurements comprising actuarial gains and losses, movements in asset surplus restrictions and the return on scheme assets (excluding interest income) are recognised immediately in the statement of comprehensive income and are not recycled to the income statement. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The net interest income or cost on the net defined benefit asset or liability is included in investment income or interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised on the balance sheet represents the present value of the deficit or surplus of the defined benefit plans. Any recognised surplus is limited to the present value of available refunds or reductions in future contributions to the plan.

Share-based payments

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model.

For all other share awards, the fair value is determined by reference to the market value of the shares at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

I. Group structure

Associates and joint arrangements

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Typically the Group owns between 20% and 50% of the voting equity of its associates.

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control.

Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties, and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangements have rights to the assets and obligations for the liabilities.

Certain joint arrangements that are structured through separate vehicles including Collahuasi, Debswana and Namdeb are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

The Group accounts for joint operations by recognising the assets, liabilities, revenue and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

Investments in associates and joint ventures are accounted for using the equity method of accounting except when classified as held for sale. The Group's share of associates' and joint ventures' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates and joint ventures represent the cost of each investment including the carrying value of goodwill, the share of post-acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment, less any cumulative impairments. The carrying values of associates and joint ventures are reviewed on a regular basis and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the period, the investment is impaired. Investments which have been previously impaired are regularly reviewed for indicators of impairment reversal.

The Group's share of an associate's or joint venture's losses in excess of its interest in that associate or joint venture is not recognised unless the Group has an obligation to fund such losses. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when a sale is highly probable within one year from the date of classification, management is committed to the sale and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets and disposal groups are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in the income statement.

On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

Black Economic Empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*).

The discount provided or value given is calculated in accordance with IFRS 2 *Share-based Payments* and the cost, representing the fair value of the BEE credentials obtained by the subsidiary, is recorded in the income statement.

Financial statements of the parent Company

Balance sheet of the Company, Anglo American plc, as at 31 December 2020

US$ million	Note	2020	2019
Fixed assets			
Investment in subsidiaries	1	**31,651**	30,876
Current assets			
Amounts due from Group undertakings		**301**	1,296
Cash at bank and in hand		**6**	81
		307	1,377
Creditors due within one year			
Amounts owed to Group undertakings		**(217)**	(190)
Accruals		**–**	(3)
		(217)	(193)
Net current assets		**90**	1,184
Total assets less current liabilities		**31,741**	32,060
Net assets		**31,741**	32,060
Capital and reserves			
Called-up share capital	2	**749**	753
Share premium account	2	**4,358**	4,358
Capital redemption reserve	2	**138**	134
Other reserves	2	**1,955**	1,955
Retained earnings	2	**24,541**	24,860
Total shareholders' funds		**31,741**	32,060

The profit after tax for the year of the Company amounted to $535 million (2019: $3,422 million).

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 24 February 2021 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

1. Investment in subsidiaries

US$ million	2020	2019
Cost		
At 1 January	**30,893**	30,792
Capital contributions[1]	**130**	103
Additions	**645**	—
Disposals	**(9)**	(2)
At 31 December	**31,659**	30,893
Provisions for impairment		
At 1 January	**(17)**	(17)
Charge for the year	**—**	(2)
Impairment on disposals	**9**	2
At 31 December	**(8)**	(17)
Net book value	**31,651**	30,876

[1] This amount represents the Group share-based payment charge and is net of $15 million (2019: $37 million) of intra-group recharges.

Further information about subsidiaries is provided in note 35 to the Consolidated financial statements.

2. Reconciliation of movements in equity shareholders' funds

US$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves	Retained earnings	Total
At 1 January 2019	772	4,358	115	1,955	23,258	30,458
Profit for the financial year	—	—	—	—	3,422	3,422
Dividends[1]	—	—	—	—	(980)	(980)
Share buyback	—	—	—	—	(777)	(777)
Net purchase of treasury shares under employee share schemes	—	—	—	—	(192)	(192)
Shares cancelled during the year	(19)	—	19	—	—	—
Capital contribution to Group undertakings	—	—	—	—	140	140
Other	—	—	—	—	(11)	(11)
At 31 December 2019	**753**	**4,358**	**134**	**1,955**	**24,860**	**32,060**
Profit for the financial year	**—**	**—**	**—**	**—**	**535**	**535**
Dividends[1]	**—**	**—**	**—**	**—**	**(673)**	**(673)**
Share buyback	**—**	**—**	**—**	**—**	**(223)**	**(223)**
Net purchase of treasury shares under employee share schemes	**—**	**—**	**—**	**—**	**(103)**	**(103)**
Shares cancelled during the year	**(4)**	**—**	**4**	**—**	**—**	**—**
Capital contribution to Group undertakings	**—**	**—**	**—**	**—**	**145**	**145**
At 31 December 2020	**749**	**4,358**	**138**	**1,955**	**24,541**	**31,741**

[1] Dividends relate only to shareholders on the United Kingdom principal register excluding dividends waived by Wealth Nominees Limited as nominees for Estera Trust (Jersey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association. The directors are proposing a final dividend in respect of the year ended 31 December 2020 of 72 US cents per share (see note 6 to the Consolidated financial statements).

Fees payable to PwC (2019: Deloitte) for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 37 to the Consolidated financial statements.

3. Accounting policies: Anglo American plc (the Company)

The Company balance sheet and related notes have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* (FRS 100) and Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

The Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

A summary of the principal accounting policies is set out below.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share-based Payments*
- the requirements of IFRS 7 *Financial Instruments: Disclosures*
- the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*
- the requirements of IAS 7 *Statement of Cash Flows*
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Significant accounting policies

Investments
Investments represent equity holdings in subsidiaries and are measured at cost less accumulated impairment.

Financial instruments
The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are derecognised when they are discharged or when the contractual terms expire.

Dividends
Interim equity dividends are recognised when declared. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Share-based payments
The Company has applied the requirements of IFRS 2 *Share-based Payments*.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the shares at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in Investments in subsidiaries.

Taxation
Current and deferred tax is recognised in the statement of comprehensive income of the Company, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The only income of the Company is dividend income from subsidiaries. This income is non-taxable and there is no tax charge for the year.

Summary by operation

This section includes certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

Marketing activities are allocated to the underlying operation to which they relate.

US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1]	Underlying EBITDA	Underlying EBIT	Underlying earnings	2020 Capital expenditure
	'000 cts	$/ct	$/ct					
De Beers	21,380 [2]	133 [3]	57 [4]	3,378 [5]	417	—	(102)	381
Mining								
Botswana	n/a	124 [3]	35 [4]	n/a	225	178	n/a	66
Namibia	n/a	492 [3]	272 [4]	n/a	113	82	n/a	77
South Africa	n/a	99 [3]	53 [4]	n/a	165	16	n/a	147
Canada	n/a	58 [3]	36 [4]	n/a	92	40	n/a	31
Trading	n/a	n/a	n/a	n/a	80	74	n/a	3
Other[6]	n/a	n/a	n/a	n/a	(258)	(390)	n/a	57
	kt	c/lb	c/lb					
Copper	648 [7]	299 [8]	113 [9]	7,176	1,864	1,227	607	1,443
Los Bronces[10]	325	n/a	149 [9]	2,013	639	294	n/a	272
Collahuasi[11]	278	n/a	62 [9]	1,767	1,308	1,083	735	313
Quellaveco[12]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	788
Other[13]	45	n/a	n/a	3,396	(83)	(150)	n/a	70
	koz	$/PGM oz	$/PGM oz					
Platinum Group Metals	2,869 [14]	2,035 [15]	713 [16]	8,465	2,555	2,270	1,068	571
Mogalakwena	839 [14]	2,065 [15]	530 [16]	1,720	1,059	944	n/a	273
Amandelbult	501 [14]	2,228 [15]	1,031 [16]	1,108	474	429	n/a	56
Processing and trading[17]	953 [14]	n/a	n/a	4,342	460	436	n/a	—
Other[18]	576	2,083	757	1,295	562	461	n/a	242
	Mt	$/t	$/t					
Iron Ore[19]	63.6	112	27 [21]	7,954	4,565	4,091	2,474	517
Kumba Iron Ore[20]	39.8 [19]	115 [19]	31 [21]	4,880	2,702 [22]	2,386 [22]	850 [22]	354
Iron Ore Brazil (Minas-Rio)	23.8 [19]	107 [19]	21 [21]	3,074	1,863 [22]	1,705 [22]	1,624 [22]	163
	Mt	$/t	$/t					
Coal	n/a	n/a	n/a	3,798	35	(632)	(554)	867
Metallurgical Coal	16.9 [23]	109 [24]	86 [25]	1,909	50 [26]	(468) [26]	(362) [26]	683
Thermal Coal – South Africa	16.6 [23]	57 [24]	38 [25]	1,680	(15) [26]	(81) [26]	(112) [26]	184
Thermal Coal – Colombia[27]	4.5	46	39	209	—	(83)	(80)	—
Nickel and Manganese	n/a	n/a	n/a	1,269	510	324	199	33
Nickel	43,000 t	563 c/lb	334 c/lb [28]	572	206 [29]	79 [29]	77 [29]	33
Manganese (Samancor)[30]	3.6 Mt	n/a	n/a	697	304	245	122	—
Crop Nutrients	n/a	n/a	n/a	107	1	1	(11)	292
Woodsmith	n/a	n/a	n/a	n/a	n/a	n/a	n/a	292
Other[31]	n/a	n/a	n/a	107	7	7	7	—
Corporate and other	n/a	n/a	n/a	191	(145)	(231)	(546)	21
Exploration	n/a	n/a	n/a	n/a	(101)	(102)	(89)	—
Corporate activities and unallocated costs	n/a	n/a	n/a	191	(44)	(129)	(457)	21
	n/a	n/a	n/a	32,338	9,802	7,050	3,135	4,125

See page 236 for footnotes.

US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1]	Underlying EBITDA	Underlying EBIT	Underlying earnings	Capital expenditure
								2019
	'000 cts	$/ct	$/ct					
De Beers	29,186 (2)	137 (3)	63 (4)	4,605 (5)	558	168	45	567
Mining								
Botswana	n/a	139 (3)	29 (4)	n/a	385	325	n/a	88
Namibia	n/a	534 (3)	303 (4)	n/a	121	86	n/a	55
South Africa	n/a	108 (3)	73 (4)	n/a	57	28	n/a	275
Canada	n/a	119 (3)	44 (4)	n/a	138	66	n/a	31
Trading	n/a	n/a	n/a	n/a	133	126	n/a	4
Other[6]	n/a	n/a	n/a	n/a	(276)	(463)	n/a	114
	kt	c/lb	c/lb					
Copper	644 (7)	273 (8)	126 (9)	5,840	1,618	960	509	1,078
Los Bronces[10]	336	n/a	135 (9)	1,872	745	378	n/a	239
Collahuasi[11]	254	n/a	100 (9)	1,414	916	691	486	275
Quellaveco[12]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	494
Other[13]	54	n/a	n/a	2,554	(43)	(109)	n/a	70
	koz	$/PGM oz	$/PGM oz					
Platinum Group Metals	4,634 (14)	1,347 (15)	703 (16)	6,866	2,000	1,672	872	569
Mogalakwena	1,222 (14)	1,459 (15)	566 (16)	1,789	995	863	n/a	264
Amandelbult	866 (14)	1,387 (15)	876 (16)	1,206	355	298	n/a	84
Processing and trading[17]	1,631 (14)	n/a	n/a	2,669	321	295	n/a	—
Other[18]	915	1,336	731	1,202	329	216	n/a	221
	Mt	$/t	$/t					
Iron Ore[19]	64.9	91	29 (21)	6,758	3,407	2,952	1,635	594
Kumba Iron Ore[20]	42.0 (19)	97 (19)	33 (21)	4,445	2,243 (22)	1,918 (22)	663 (22)	389
Iron Ore Brazil (Minas-Rio)	22.9 (19)	79 (19)	21 (21)	2,313	1,164 (22)	1,034 (22)	972 (22)	205
	Mt	$/t	$/t					
Coal	n/a	n/a	n/a	6,137	1,832	1,010	662	934
Metallurgical Coal	22.4 (23)	165 (24)	63 (25)	3,756	1,707 (26)	1,079 (26)	734 (26)	670
Thermal Coal – South Africa	18.1 (23)	61 (24)	45 (25)	1,887	(5) (26)	(94) (26)	(81) (26)	264
Thermal Coal – Colombia[27]	8.8	56	33	494	130	25	9	—
Nickel and Manganese	n/a	n/a	n/a	1,498	634	477	301	42
Nickel	41,700 t	624 c/lb	380 c/lb (28)	572	191 (29)	89 (29)	99 (29)	42
Manganese (Samancor)[30]	3.7 Mt	n/a	n/a	926	443	388	202	—
Corporate and other	n/a	n/a	n/a	121	(43)	(229)	(556)	56
Exploration	n/a	n/a	n/a	n/a	(126)	(128)	(115)	1
Corporate activities and unallocated costs	n/a	n/a	n/a	121	83	(101)	(441)	55
	n/a	n/a	n/a	31,825	10,006	7,010	3,468	3,840

(1) Group revenue is shown after deduction of treatment and refining charges (TC/RCs).
(2) Total sales volumes on a 100% basis were 22.7 million carats (2019: 30.9 million carats). Total sales volumes (100%) include De Beers Group's joint arrangement partners' 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and Namibia Diamond Trading Company.
(3) Pricing for the mining business units is based on 100% selling value post-aggregation of goods. Realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to the unit cost.
(4) Unit cost is based on consolidated production and operating costs, excluding depreciation and operating special items, divided by carats recovered.
(5) Includes rough diamond sales of $2.8 billion (2019: $4.0 billion).
(6) Other includes Element Six, downstream, acquisition accounting adjustments and corporate.
(7) Excludes 453 kt third-party sales (2019: 349 kt).
(8) Price represents realised price.
(9) C1 unit cost includes by-product credits.
(10) Figures on a 100% basis (Group's share: 50.1%).
(11) 44% share of Collahuasi sales and financials.
(12) Figures on a 100% basis (Group's share: 60%), except capex which represents the Group's share after deducting direct funding from non-controlling interests. 2020 capex on a 100% basis was $1,314 million, of which the Group's 60% share is $788 million. 2019 capex on a 100% basis was $1,338 million, of which $515 million was funded by cash from the Mitsubishi syndication transaction in 2018. Of the remaining $823 million, the Group and Mitsubishi funded their respective 60% and 40% shares via shareholder loans.
(13) Other operations includes El Soldado and Chagres (figures on a 100% basis, Group's share: 50.1%), third-party sales and purchases, projects and corporate costs.
(14) Sales volumes exclude the sale of refined metal purchased from third parties and toll material. PGMs include 5E metals and gold.
(15) Average US$ realised basket price. Excludes the impact of the sale of refined metal purchased from third parties.
(16) Total cash operating costs (includes on-mine, smelting and refining costs only) per own mined PGM ounce of production.
(17) Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.
(18) Includes Unki, Mototolo and PGMs' share of joint operations.
(19) Minas-Rio sales volumes are reported as wet metric tonnes. Product is shipped with c.9% moisture. Total iron ore is the sum of Kumba (dry basis) and Minas-Rio (wet basis). Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha). Prices for Minas-Rio are the average realised export basket price (FOB Açu) (wet basis). Prices for total iron ore are a blended average.
(20) Sales volumes and realised price differ to Kumba's stand-alone reported results due to sales to other Group companies.
(21) Unit costs for Kumba Iron Ore are on an FOB (dry) basis. Unit costs for Minas-Rio are on an FOB (wet) basis. Unit costs for total iron ore are a blended average.
(22) Kumba Iron Ore segment includes $80 million projects and corporate costs (2019: $66 million). Iron Ore Brazil segment includes $63 million projects and corporate costs (2019: $55 million).
(23) South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and exclude domestic sales of 12.4 Mt (2019: 9.8 Mt) and non-equity traded sales of 9.4 Mt (2019: 10.9 Mt). Metallurgical Coal sales volumes exclude thermal coal sales of 2.3 Mt (2019: 1.8 Mt).
(24) Metallurgical Coal realised price is the weighted average hard coking coal and PCI sales price achieved at managed operations. Thermal Coal – South Africa realised price is the weighted average export thermal coal price achieved. Excludes third-party sales from locations other than Richards Bay.
(25) FOB cost per saleable tonne, excluding royalties and study costs. Thermal Coal – South Africa unit cost is for the trade operations.
(26) Metallurgical Coal segment includes $74 million projects and corporate costs (2019: $69 million). Thermal Coal – South Africa segment includes $42 million projects and corporate costs (2019: $59 million).
(27) Represents the Group's attributable share from its 33.3% interest in Cerrejón.
(28) C1 unit cost.
(29) Nickel segment includes $14 million projects and corporate costs (2019: $12 million).
(30) Sales and financials include ore and alloy.
(31) Other comprises a 30% interest in Cibra, a fertiliser distributor based in Brazil.

Key financial data

This section includes certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 246.

US$ million (unless otherwise stated)	2020	2019	2018	2017	2016	2015	2014	2013	2012 restated[1]	2011
Income statement measures										
Group revenue	**32,338**	31,825	30,196	28,650	23,142	23,003	30,988	33,063	32,785	36,548
Underlying EBIT	**7,050**	7,010	6,377	6,247	3,766	2,223	4,933	6,620	6,253	11,095
Underlying EBITDA	**9,802**	10,006	9,161	8,823	6,075	4,854	7,832	9,520	8,860	13,348
Revenue	**30,902**	29,870	27,610	26,243	21,378	20,455	27,073	29,342	28,680	30,580
Net finance costs (before special items and remeasurements)	**(775)**	(420)	(380)	(473)	(209)	(458)	(256)	(276)	(299)	(20)
Profit/(loss) before tax	**5,464**	6,146	6,189	5,505	2,624	(5,454)	(259)	1,700	(171)	10,782
Profit/(loss) for the financial year	**3,328**	4,582	4,373	4,059	1,926	(5,842)	(1,524)	426	(564)	7,922
Non-controlling interests	**(1,239)**	(1,035)	(824)	(893)	(332)	218	(989)	(1,387)	(906)	(1,753)
Profit/(loss) attributable to equity shareholders of the Company	**2,089**	3,547	3,549	3,166	1,594	(5,624)	(2,513)	(961)	(1,470)	6,169
Underlying earnings	**3,135**	3,468	3,237	3,272	2,210	827	2,217	2,673	2,860	6,120
Balance sheet measures										
Capital employed	**37,970**	35,576	32,269	32,813	31,904	32,842	43,782	46,551	49,757	41,667
Net assets	**32,766**	31,385	29,832	28,882	24,325	21,342	32,177	37,364	43,738	43,189
Non-controlling interests	**(6,942)**	(6,590)	(6,234)	(5,910)	(5,309)	(4,773)	(5,760)	(5,693)	(6,127)	(4,097)
Equity attributable to equity shareholders of the Company	**25,824**	24,795	23,598	22,972	19,016	16,569	26,417	31,671	37,611	39,092
Cash flow measures										
Cash flows from operations	**7,998**	9,260	7,782	8,375	5,838	4,240	6,949	7,729	7,370	11,498
Capital expenditure	**(4,125)**	(3,840)	(2,818)	(2,150)	(2,387)	(4,177)	(6,018)	(6,075)	(5,947)	(5,672)
Net debt	**(5,575)**	(4,626)	(2,848)	(4,501)	(8,487)	(12,901)	(12,871)	(10,652)	(8,510)	(1,374)
Metrics and ratios										
Underlying earnings per share (US$)	**2.53**	2.75	2.55	2.57	1.72	0.64	1.73	2.09	2.28	5.06
Earnings per share (US$)	**1.69**	2.81	2.80	2.48	1.24	(4.36)	(1.96)	(0.75)	(1.17)	5.10
Ordinary dividend per share (US cents)	**100**	109	100	102	—	32	85	85	85	74
Ordinary dividend cover (based on underlying earnings per share)	**2.5**	2.5	2.6	2.5	—	2.0	2.0	2.5	2.7	6.8
Underlying EBIT margin	**21.8%**	22.0%	21.1%	21.8%	16.3%	9.7%	15.9%	20.0%	19.1%	30.4%
Underlying EBIT interest cover[2]	**11.2**	18.0	19.9	16.5	16.7	10.1	30.1	35.8	36.8	n/a
Underlying effective tax rate	**31.2%**	30.8%	31.3%	29.7%	24.6%	31.0%	29.8%	32.0%	29.0%	28.3%
Gearing (net debt to total capital)[3]	**15%**	13%	9%	13%	26%	38%	29%	22%	16%	3%

(1) Certain balances relating to 2012 were restated to reflect the adoption of new accounting pronouncements. See note 2 of the 2013 Consolidated financial statements for details.

(2) Underlying EBIT interest cover is underlying EBIT divided by net finance costs, excluding net foreign exchange gains and losses, unwinding of discount relating to provisions and other liabilities, financing special items and remeasurements, and including the Group's attributable share of associates' and joint ventures' net finance costs, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

(3) Net debt to total capital is calculated as net debt divided by total capital (being 'Net assets' as shown in the Consolidated balance sheet excluding net debt).

Exchange rates and commodity prices

US$ exchange rates	2020	2019
Year end spot rates		
South African rand	**14.69**	14.03
Brazilian real	**5.19**	4.02
Sterling	**0.73**	0.76
Australian dollar	**1.30**	1.43
Euro	**0.81**	0.89
Chilean peso	**712**	752
Botswana pula	**10.80**	10.60
Peruvian sol	**3.62**	3.32
Average rates for the year		
South African rand	**16.46**	14.45
Brazilian real	**5.16**	3.95
Sterling	**0.78**	0.78
Australian dollar	**1.45**	1.44
Euro	**0.88**	0.89
Chilean peso	**792**	703
Botswana pula	**11.42**	10.77
Peruvian sol	**3.50**	3.34

Commodity prices		2020	2019
Year end spot prices			
Copper[1]	US cents/lb	**351**	279
Platinum[2]	US$/oz	**1,075**	971
Palladium[2]	US$/oz	**2,370**	1,920
Rhodium[3]	US$/oz	**17,000**	6,050
Iron ore (62% Fe CFR)[4]	US$/tonne	**159**	92
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	**177**	106
Hard coking coal (FOB Australia)[4]	US$/tonne	**103**	140
PCI (FOB Australia)[4]	US$/tonne	**92**	87
Thermal coal (FOB South Africa)[6]	US$/tonne	**91**	87
Thermal coal (FOB Australia)[7]	US$/tonne	**84**	66
Thermal coal (FOB Colombia)[6]	US$/tonne	**60**	47
Nickel[1]	US cents/lb	**750**	635
Manganese ore (44% CIF China)[5]	US$/dmtu	**4.27**	4.20
Average market prices for the year			
Copper[1]	US cents/lb	**280**	272
Platinum[2]	US$/oz	**885**	864
Palladium[2]	US$/oz	**2,197**	1,539
Rhodium[3]	US$/oz	**11,220**	3,914
Iron ore (62% Fe CFR)[4]	US$/tonne	**109**	93
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	**120**	104
Hard coking coal (FOB Australia)[4]	US$/tonne	**124**	177
PCI (FOB Australia)[4]	US$/tonne	**78**	110
Thermal coal (FOB South Africa)[6]	US$/tonne	**65**	72
Thermal coal (FOB Australia)[7]	US$/tonne	**60**	78
Thermal coal (FOB Colombia)[6]	US$/tonne	**48**	54
Nickel[1]	US cents/lb	**625**	632
Manganese ore (44% CIF China)[5]	US$/dmtu	**4.67**	5.58

(1) Source: London Metal Exchange (LME).
(2) Source: London Platinum and Palladium Market (LPPM).
(3) Source: Johnson Matthey/Comdaq.
(4) Source: Platts.
(5) Source: Metal Bulletin.
(6) Source: Argus/McCloskey.
(7) Source: globalCOAL.

Ore Reserves and Mineral Resources

as at 31 December 2020

The Ore Reserve and Mineral Resource estimates presented in this report were prepared in accordance with the Anglo American plc Group Ore Reserves and Mineral Resources Reporting Policy. This policy stipulates that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition (the JORC Code) be used as a minimum standard. Some Anglo American plc subsidiaries have a primary listing in South Africa where public reporting is carried out in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code). The SAMREC Code is similar to the JORC Code and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC (2012) and SAMREC (2016) Codes. Ore Reserves in the context of this report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code and the CIM (Canadian Institute of Mining Metallurgy and Petroleum) Definition Standards on Mineral Resources and Mineral Reserves.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons (CPs) along with their Recognised Professional Organisation (RPO) affiliation and years of relevant experience are listed in the Ore Reserves and Mineral Resources Report 2020.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource. The overall value of the entity and time that has elapsed since an independent third-party review are also considered. Those operations/projects that were subjected to independent third-party reviews during the year are indicated in footnotes to the tables in the Ore Reserves and Mineral Resources Report 2020.

Both the JORC and SAMREC Codes require due consideration of reasonable prospects for eventual economic extraction for Mineral Resource definition. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. The calculation of Mineral Resource and Ore Reserve estimates are based on long term prices determined at the beginning of the second quarter of each year. Ore Reserves are dynamic and more likely to be affected by fluctuations in the prices of commodities, uncertainties in production costs, processing costs and other mining, infrastructure, legal, environmental, social and governmental factors which may impact the financial condition and prospects of the Group. Mineral Resource estimates also change and tend to be most influenced by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves. Unless stated otherwise, Mineral Resources are additional to (i.e. exclusive of) those resources converted to Ore Reserves and are reported on a dry tonnes basis.

Mineral Resource classification defines the confidence associated with different parts of the Mineral Resource. The confidence that is assigned refers collectively to the reliability of the Grade and Tonnage estimates. This reliability includes consideration for the fidelity of the base data, the geological continuity predicated by the level of understanding of the geology, the likely precision of the grade estimates and understanding of grade variability, as well as various other factors (in particular density) that may influence the confidence that can be assigned to the Mineral Resource. Most business units have developed commodity-specific scorecard-based approaches to the classification of their Mineral Resources.

The appropriate Mineral Resource classification is determined by the appointed Competent (or Qualified) Persons. The choice of category of Mineral Resource depends upon the quantity, distribution and quality of geoscientific information available and the level of confidence in these data.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2020. The figures in the tables have been rounded, and if used to derive totals and averages, minor differences may result.

The Ore Reserves and Mineral Resources Report 2020 should be considered the only valid source of Ore Reserve and Mineral Resource information for the Anglo American Group exclusive of Kumba Iron Ore and Anglo American Platinum Limited, which publish their own independent annual reports.

It is accepted that mine design and planning may include some Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine Plan (LOM Plan) are described as 'Inferred (in LOM Plan)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOM Plan)', as required. These resources are declared without application of Modifying Factors. Reserve Life reflects the scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan.

The Ownership (Attributable) Percentage that Anglo American holds in each operation and project is presented beside the name of each entity and is the Group's effective ownership interest. Operations and projects which fall below the internal threshold for reporting (25% attributable interest) are not reported. Operations or projects which were disposed of during 2020 and hence not reported are: Elizabeth Bay and Douglas Bay (Diamonds).

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) that was implemented on 1 May 2004, (subsequently amended by the Minerals and Petroleum Resources Development Amendment Act 49 of 2008) effectively transferred custodianship of the previously privately held mineral rights to the State.

A Prospecting Right is a right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years.

A Mining Right is a right issued in terms of the MPRDA and is valid for up to 30 years, with the possibility of a further extension of 30 years. The Minister of Mineral Resources will grant a renewal of the Mining Right if the terms and conditions of the Mining Right have been complied with and the applicant is not in contravention of any relevant provisions of the MPRDA.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant Ore Reserves and Mineral Resources have been included in the statement.
- Where applications for Mining Rights and Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the rights will be granted in due course, the relevant Mineral Resources have been included in the statement (any associated comments appear in the footnotes).

The detailed Ore Reserve and Mineral Resource estimates, Reserve and Resource Reconciliation Overview, Definitions and Glossary are contained in the separate Ore Reserves and Mineral Resources Report 2020 which is available in the Annual Reporting Centre on the Anglo American website.

Estimated Ore Reserves[1]

as at 31 December 2020

Detailed Proved and Probable estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2020.

Total Proved and Probable

DIAMOND[3] OPERATIONS – DBCi (See page 10 in R&R Report for details)		Ownership %	Mining Method	LOM[2] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Gahcho Kué	Kimberlite	43.4	OP	10	45.3	29.2	155.3

DIAMOND[3] OPERATIONS – DBCM (See page 11 in R&R Report for details)		Ownership %	Mining Method	LOM[2] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Venetia (OP)	Kimberlite	62.9	OP	25	8.9	8.1	109.8
Venetia (UG)	Kimberlite		UG		71.5	91.7	78.0

DIAMOND[3] OPERATIONS – Debswana (See pages 12 & 13 in R&R Report for details)		Ownership %	Mining Method	LOM[2] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Damtshaa	Kimberlite	42.5	OP	1	0.1	0.2	22.6
Jwaneng	Kimberlite	42.5	OP	16	146.3	116.4	125.7
Letlhakane	TMR	42.5	n/a	24	6.3	27.3	23.1
Orapa	Kimberlite	42.5	OP	16	144.2	110.6	130.3

DIAMOND[3] OPERATIONS – Namdeb (See page 14 in R&R Report for details)		Ownership %	Mining Method	LOM[2] (years)	Saleable Carats (kct)	Treated Tonnes (kt)	Recovered Grade (cpht)
Mining Area 1	Beaches	42.5	OC	2	48	1,037	4.63
Orange River	Fluvial Placers	42.5	OC	2	55	5,516	1.00
					Saleable Carats (kct)	Area k (m^2)	Recovered Grade (cpm^2)
Atlantic 1	Marine Placers	42.5	MM	34	6,697	112,100	0.06

COPPER OPERATIONS (See page 16 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Contained Copper (kt)	ROM Tonnes (Mt)	Grade (%TCu)
Collahuasi	Sulphide (direct feed)	44.0	OP	68	26,588	2,721.7	0.98
	Low Grade Sulphide (incl. stockpile)				6,988	1,454.3	0.48
El Soldado	Sulphide	50.1	OP	7	400	52.2	0.77
Los Bronces	Sulphide – Flotation	50.1	OP	37	7,334	1,324.4	0.55
	Sulphide – Dump Leach				1,403	505.0	0.28

PLATINUM[4] OPERATIONS (See pages 20 & 21 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Contained Metal (4E Moz)	ROM Tonnes (Mt)	Grade (4E g/t)
Amandelbult Complex	MR & UG2 Reefs	78.9	UG	>20	16.0	110.8	4.49
Mogalakwena	Platreef (incl. stockpiles)	78.9	OP	>20	117.2	1,267.9	2.88
Mototolo Complex	UG2 Reef	78.9	UG	16	2.9	25.7	3.47
Unki	Main Sulphide Zone	78.9	UG	20	5.4	51.0	3.30
Non-Managed	MR & UG2 Reefs	45.5	UG	n/a	8.1	69.0	3.64

KUMBA IRON ORE OPERATIONS (See page 25 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)		Saleable Product (Mt)	Grade (%Fe)
Kolomela	Hematite (incl. ROM stockpile)	53.2	OP	12		150	64.5
Sishen	Hematite (incl. ROM stockpile)	53.2	OP	15		430	64.7

IRON ORE BRAZIL OPERATIONS (See page 27 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)		Saleable Product[5] (Mt)	Grade[5] (%Fe)
Serra do Sapo	Friable Itabirite and Hematite	100	OP	55		612	67.1
	Itabirite					867	67.1

Operations = Mines in steady-state or projects in ramp-up phase.
TMR = Tailings Mineral Resource. Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut, MM = Marine Mining.
Mct = Million carats. Mt = Million tonnes. kct = thousand carats. kt = thousand tonnes. k (m^2) = thousand square metres.
Diamond Recovered Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square metre (cpm^2).
Values reported as 0.0 represent estimates less than 0.05.
TCu = Total Copper. 4E is the sum of Platinum, Palladium, Rhodium and Gold.
Moz = Million troy ounces. g/t = grams per tonne.
ROM = Run of Mine.
MR = Merensky Reef.
Non-Managed = Kroondal, Modikwa mines and Siphumelele 3 shaft.

Estimated Ore Reserves continued

Total Proved and Probable

COAL OPERATIONS – Australia (See page 28 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Saleable Tonnes[6] (Mt)	Saleable Quality
Capcoal (OC)*	Metallurgical – Coking	78.6	OC	18	32.2	5.5 CSN
	Metallurgical – Other				46.5	6,850 kcal/kg
	Thermal – Export				9.1	5,990 kcal/kg
Capcoal (UG)*	Metallurgical – Coking	70.0	UG	1	6.1	8.5 CSN
Dawson	Metallurgical – Coking	51.0	OC	17	73.8	7.0 CSN
	Thermal – Export				63.6	6,680 kcal/kg
Grosvenor	Metallurgical – Coking	88.0	UG	17	78.8	8.5 CSN
Moranbah North	Metallurgical – Coking	88.0	UG	19	139.1	7.5 CSN

COAL OPERATIONS – Colombia (See page 28 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Saleable Tonnes[6] (Mt)	Saleable Quality
Cerrejón	Thermal – Export	33.3	OC	13	345.8	6,210 kcal/kg

COAL OPERATIONS – South Africa (See pages 29 & 32 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Saleable Tonnes[6] (Mt)	Saleable Quality
Goedehoop	Thermal – Export	100	UG	5	11.5	6,310 kcal/kg
Goedehoop – MRD	Thermal – Domestic		n/a	3	6.0	3,020 kcal/kg
Greenside	Thermal – Export	100	UG	6	18.1	5,920 kcal/kg
Greenside – MRD	Thermal – Export		n/a	3	3.0	4,680 kcal/kg
Isibonelo	Synfuel	100	OC	6	27.1	4,670 kcal/kg
Landau⁺	Thermal – Export	100	OC	8	17.4	5,990 kcal/kg
Mafube	Thermal – Export	50.0	OC	11	35.9	5,400 kcal/kg
Rietvlei	Thermal – Domestic	34.0	OC	3	4.6	5,020 kcal/kg
Zibulo	Thermal – Export	73.0	UG&OC	9	27.9	6,500 kcal/kg
	Thermal – Domestic				19.3	5,310 kcal/kg

NICKEL OPERATIONS (See page 35 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Contained Nickel (kt)	ROM tonnes (Mt)	Grade (%Ni)
Barro Alto	Saprolite	100	OP	20	702	54.7	1.28
Niquelândia	Saprolite	100	OP	17	74	5.6	1.32

SAMANCOR MANGANESE OPERATIONS (See page 37 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Tonnes (Mt)	Grade (%Mn)
GEMCO[7]	ROM	40.0	OP	5	47	43.4
	Sands				5.2	40.0
Mamatwan		29.6	OP	15	48	36.7
Wessels		29.6	UG	45	61	41.2

Operations = Mines in steady-state or projects in ramp-up phase. MRD = Mineral Residue Deposit. Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut.

* Capcoal comprises open cast operations at Lake Lindsay and Oak Park, with an underground longwall operation at Grasstree.

⁺ Kleinkopje and Landau operate under an integrated management structure, forming Khwezela Colliery.

(1) Estimated Ore Reserves are the sum of Proved and Probable Ore Reserves (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves unless stated otherwise). Please refer to the detailed Ore Reserve estimates tables in the Anglo American plc Ore Reserves and Mineral Resources Report for the individual Proved and Probable Reserve estimates. The Ore Reserve estimates are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012) as a minimum standard. Ore Reserve estimates for operations in South Africa are reported in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2016), unless stated otherwise. The figures reported represent 100% of the Ore Reserves. Anglo American plc ownership is stated separately. Rounding of figures may cause computational discrepancies.

(2) Reserve Life = The scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan. LOM = Life of Mine (years) is based on scheduled Probable Reserves including some Inferred Resources considered for Life of Mine planning.

(3) DBCi = De Beers Canada, DBCM = De Beers Consolidated Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings. Reported Diamond Reserves are based on a Bottom Cut-Off (BCO) which refers to the bottom screen size aperture and varies between 1.00 mm and 3.00 mm (nominal square mesh). Specific BCOs applied to derive estimates are included in the detailed Diamond Reserve tables in the Anglo American plc Ore Reserves and Mineral Resources Report.

(4) Details of the individual Anglo American Platinum Limited Managed and Non-Managed operations appear in the Anglo American plc Ore Reserves and Mineral Resources Report. Ownership percentage for Non-Managed operations is weighted by Contained Metal (4E Moz) contributions from each operation.

(5) Iron Ore Brazil Saleable Product tonnes are reported on a wet basis (average moisture content is 9.5 wt% of the wet mass) with grade stated on a dry basis.

(6) Total Saleable Tonnes represents the product tonnes quoted as metric tonnes on a product moisture basis. The coal quality for Coal Reserves is quoted as either kilocalories per kilogram (kcal/kg) or Crucible Swell Number (CSN). Kilocalories per kilogram represent Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index. Metallurgical – Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry. Metallurgical – Other: Semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverised coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal. Thermal – Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV). Thermal – Domestic: Low- to high-volatile thermal coal primarily for domestic consumption in power generation. Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals.

(7) GEMCO Ore Reserve manganese grades are reported as expected product and should be read together with their respective mass yields, ROM: 61%, Sands: 22%.

Estimated Mineral Resources[1]

as at 31 December 2020

Detailed Measured, Indicated and Inferred estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2020.

				Total Measured and Indicated			Total Inferred[2]		
DIAMOND[3] OPERATIONS – DBCi (See page 10 in R&R Report for details)		Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	Carats (Mct)	Tonnes (Mt)	Grade (cpht)
Gahcho Kué	Kimberlite	43.4	OP	2.4	1.9	127.1	19.4	13.7	142.4
DIAMOND[3] OPERATIONS – DBCM (See page 11 in R&R Report for details)		Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	Carats (Mct)	Tonnes (Mt)	Grade (cpht)
Venetia (OP)	Kimberlite	62.9	OP	–	–	–	1.3	5.4	24.4
Venetia (UG)	Kimberlite		UG	–	–	–	59.6	69.9	85.3
Voorspoed	Kimberlite	62.9	OP	0.5	1.9	26.9	3.5	18.5	19.0
DIAMOND[3] OPERATIONS – Debswana (See pages 12 & 13 in R&R Report for details)		Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	Carats (Mct)	Tonnes (Mt)	Grade (cpht)
Damtshaa	Kimberlite	42.5	OP	5.5	25.4	21.6	4.9	20.1	24.5
Jwaneng	Kimberlite	42.5	OP	57.8	70.4	82.1	69.5	83.5	83.2
	TMR & ORT		n/a	–	–	–	21.6	27.7	78.0
Letlhakane	TMR & ORT	42.5	n/a	1.2	0.0	5,413.6	14.8	55.5	26.7
Orapa	Kimberlite	42.5	OP	286.5	284.8	100.6	66.4	78.0	85.2
DIAMOND[3] OPERATIONS – Namdeb (See page 14 in R&R Report for details)		Ownership %	Mining Method	Carats (kct)	Tonnes (kt)	Grade (cpht)	Carats (kct)	Tonnes (kt)	Grade (cpht)
Mining Area 1	Beaches	42.5	OC	347	37,593	0.92	3,112	193,585	1.61
Orange River	Fluvial Placers	42.5	OC	117	27,120	0.43	220	65,537	0.34
				Carats (kct)	Area k (m^2)	Grade (cpm^2)	Carats (kct)	Area k (m^2)	Grade (cpm^2)
Atlantic 1	Marine Placers	42.5	MM	12,295	170,181	0.07	67,633	972,728	0.07
Midwater	Marine	42.5	MM	1,192	7,396	0.16	1,031	11,334	0.09
COPPER OPERATIONS (See page 17 in R&R Report for details)		Ownership %	Mining Method	Contained Copper (kt)	Tonnes (Mt)	Grade (%TCu)	Contained Copper (kt)	Tonnes (Mt)	Grade (%TCu)
Collahuasi	Oxide and Mixed	44.0	OP	479	68.6	0.70	289	49.8	0.58
	Sulphide (direct feed)			8,879	964.9	0.92	26,839	3,012.1	0.89
	Low Grade Sulphide (*in situ* & stockpile)			1,858	395.6	0.47	8,483	1,835.7	0.46
El Soldado	Sulphide	50.1	OP	795	140.7	0.56	26	6.7	0.39
Los Bronces	Sulphide – Flotation	50.1	OP	11,130	2,494.7	0.45	4,795	1,074.6	0.45
	Sulphide – Dump Leach			–	–	–	9	3.7	0.24
PLATINUM[4] OPERATIONS (See pages 22 & 24 in R&R Report for details)		Ownership %	Mining Method	Contained Metal (4E Moz)	Tonnes (Mt)	Grade (4E g/t)	Contained Metal (4E Moz)	Tonnes (Mt)	Grade (4E g/t)
Amandelbult Complex	MR & UG2 Reefs & Tailings	78.9	UG	54.5	347.3	4.88	23.1	114.7	6.25
Mogalakwena	Platreef (incl. stockpiles)	78.9	OP	120.3	1,639.9	2.28	33.7	595.7	1.76
Mototolo Complex	MR & UG2 Reefs	78.9	UG	46.0	344.0	4.16	26.8	198.2	4.21
Twickenham	MR & UG2 Reefs	78.9	UG	60.7	335.7	5.62	56.0	313.9	5.55
Unki	Main Sulphide Zone	78.9	UG	16.3	118.4	4.28	5.0	38.6	4.07
Non-Managed	MR & UG2 Reefs	39.0	UG	120.7	687.9	5.45	99.6	602.1	5.14
KUMBA IRON ORE OPERATIONS (See page 25 in R&R Report for details)		Ownership %	Mining Method		Tonnes (Mt)	Grade (%Fe)		Tonnes (Mt)	Grade (%Fe)
Kolomela	Hematite (*in situ* & stockpile)	53.2	OP		113.2	62.6		30.1	63.9
Sishen	Hematite (*in situ* & stockpile)	53.2	OP		530.8	53.7		30.7	51.5
IRON ORE BRAZIL OPERATIONS (See page 27 in R&R Report for details)		Ownership %	Mining Method		Tonnes[5] (Mt)	Grade[5] (%Fe)		Tonnes[5] (Mt)	Grade[5] (%Fe)
Serra do Sapo	Friable Itabirite and Hematite	100	OP		239.1	32.9		67.6	36.8
	Itabirite				1,415.0	30.9		452.4	30.8

Operations = Mines in steady-state or projects in ramp-up phase. TMR = Tailings Mineral Resource. ORT = Old Recovery Tailings.
Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut, MM = Marine Mining.
Mct = Million carats. Mt = Million tonnes. kct = thousand carats. kt = thousand tonnes. k (m^2) = thousand square metres.
Diamond Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square metre (cpm^2).
Values reported as 0.0 represent estimates less than 0.05.
TCu = Total Copper. 4E is the sum of Platinum, Palladium, Rhodium and Gold.
Moz = Million troy ounces. g/t = grams per tonne.
MR = Merensky Reef.
Non-Managed = Bokoni, Kroondal, Marikana, Modikwa mines and Siphumelele 3 shaft.

Estimated Mineral Resources continued

COAL OPERATIONS – Australia (See page 30 in R&R Report for details)	Ownership %	Mining Method	Total Measured and Indicated MTIS(6) (Mt)	Total Measured and Indicated Coal Quality (kcal/kg)	Total Inferred(2) MTIS(6) (Mt)	Total Inferred(2) Coal Quality (kcal/kg)
Capcoal (OC)*	78.6	OC	144.8	6,940	175.7	6,810
Capcoal (UG)*	70.0	UG	81.1	6,810	5.6	6,550
Dawson	51.0	OC	757.1	6,710	455.8	6,760
Grosvenor	88.0	UG	248.4	6,470	68.1	6,320
Moranbah North	88.0	UG	138.5	6,680	60.2	6,530

COAL OPERATIONS – Colombia (See page 30 in R&R Report for details)	Ownership %	Mining Method	MTIS(6) (Mt)	Coal Quality (kcal/kg)	MTIS(6) (Mt)	Coal Quality (kcal/kg)
Cerrejón	33.3	OC	4,150.3	6,560	601.7	6,360

COAL OPERATIONS – South Africa (See pages 31 & 32 in R&R Report for details)	Ownership %	Mining Method	MTIS(6) (Mt)	Coal Quality (kcal/kg)	MTIS(6) (Mt)	Coal Quality (kcal/kg)
Goedehoop	100	UG&OC	218.0	5,230	2.9	5,820
Greenside	100	UG	10.9	5,640	4.5	5,550
Greenside – MRD		n/a	3.1	3,860	—	—
Isibonelo	100	OC	7.2	4,850	—	—
Kleinkopje+	100	OC	33.8	6,020	0.5	6,190
Kleinkopje – MRD+		n/a	5.9	3,790	—	—
Landau+	100	OC	11.4	5,200	5.6	5,120
Mafube	50.0	OC	63.6	5,020	2.6	5,180
Rietvlei	34.0	OC	30.6	5,070	—	—
Zibulo	73.0	UG	405.4	4,920	154.4	4,750

NICKEL OPERATIONS (See page 35 in R&R Report for details)		Ownership %	Mining Method	Contained Nickel (kt)	Tonnes (Mt)	Grade (%Ni)	Contained Nickel (kt)	Tonnes (Mt)	Grade (%Ni)
Barro Alto	Saprolite	100	OP	112	9.4	1.19	99	7.9	1.25
	Ferruginous Laterite			89	7.0	1.26	49	4.2	1.18
Niquelândia	Saprolite	100	OP	51	4.1	1.24	—	—	—
	Ferruginous Laterite			—	—	—	35	3.2	1.10

SAMANCOR MANGANESE OPERATIONS (See page 37 in R&R Report for details)		Ownership %	Mining Method	Tonnes (Mt)	Grade (%Mn)	Tonnes (Mt)	Grade (%Mn)
GEMCO(7)(8)	ROM	40.0	OP	118	43.7	15	40.9
	Sands			6.7	20.8	2.3	20.0
Mamatwan(7)		29.6	OP	77	34.9	0.5	37.4
Wessels(7)		29.6	UG	119	41.8	23	41.0

Operations = Mines in steady-state or projects in ramp-up phase. MRD = Mineral Residue Deposit. Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut.

* Capcoal comprises open cast operations at Lake Lindsay and Oak Park, with an underground longwall operation at Grasstree.

+ Kleinkopje and Landau operate under an integrated management structure, forming Khwezela Colliery.

(1) Estimated Mineral Resources are presented on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves unless stated otherwise. Please refer to the detailed Mineral Resource estimates tables in the Anglo American plc Ore Reserves and Mineral Resources Report for the individual Measured, Indicated and Inferred Resource estimates. The Mineral Resource estimates are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012) as a minimum standard. The Mineral Resource estimates for operations in South Africa are reported in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2016), unless stated otherwise. The figures reported represent 100% of the Mineral Resources. Anglo American plc ownership is stated separately. Rounding of figures may cause computational discrepancies.

(2) Total Inferred is the sum of 'Inferred (in LOM Plan)', the Inferred Resources within the scheduled Life of Mine Plan (LOM Plan) and 'Inferred (ex. LOM Plan)', the portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the Life of Mine Plan (LOM Plan) as relevant. Due to the uncertainty attached to Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Mineral Resource after continued exploration.

(3) DBCi = De Beers Canada, DBCM = De Beers Consolidated Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings. Estimated Diamond Resources are presented on an exclusive basis, i.e. Diamond Resources are quoted as additional to Diamond Reserves. Reported Diamond Resources are based on a Bottom Cut-Off (BCO) which refers to the bottom screen size aperture and varies between 1.00 mm and 3.00 mm (nominal square mesh). Specific BCO's applied to derive estimates are included in the detailed Diamond Resource tables in the Anglo American plc Ore Reserves and Mineral Resources Report.

(4) Details of the individual Anglo American Platinum Limited Managed and Non-Managed operations appear in the Anglo American plc Ore Reserves and Mineral Resources Report. Ownership percentage for Non-Managed is weighted by Contained Metal (4E Moz) contributions from each operation. Merensky Reef, UG2 Reef and Main Sulphide Zone Mineral Resources are estimated over a 'Resource Cut' which takes cognisance of the mining method, potential economic viability and geotechnical aspects in the hangingwall or footwall of the reef.

(5) Iron Ore Brazil Mineral Resource tonnes and grade are reported on a dry basis.

(6) Coal Resources are quoted on a Mineable Tonnes *In Situ* (MTIS) basis in million tonnes, which are in addition to those Coal Resources that have been modified to produce the reported Coal Reserves. Coal Resources are reported on an *in situ* moisture basis. The coal quality for Coal Resources is quoted on an *in situ* heat content as kilocalories per kilogram (kcal/kg), representing Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

(7) Manganese Mineral Resources are quoted on an inclusive basis and must not be added to the Ore Reserves.

(8) GEMCO ROM Mineral Resource tonnes are stated as *in situ*, manganese grades are given as per washed ore samples and should be read together with their respective mass recovery expressed as yield, ROM: 48%. GEMCO Sands Mineral Resource tonnes and manganese grades are as *in situ*.

Glossary of terms

Ore Reserves
An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. 'Modifying Factors' are (realistically assumed) considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Mineral Resources
A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Life of Mine Plan (LOM Plan)
A design and costing study of an existing operation in which appropriate assessments have been made of realistically assumed geological, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other Modifying Factors, which are considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified.

Reserve Life
The scheduled extraction period in years for the total Ore Reserves in the approved LOM Plan.

Inferred (in LOM Plan)
Inferred Resources within the scheduled LOM Plan.

Inferred (ex. LOM Plan)
The portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the LOM Plan.

Fatal-injury frequency rate (FIFR)[1]
FIFR is the number of employee or contractor fatal injuries due to all causes per 1,000,000 hours worked.

Lost time injury frequency rate (LTIFR)[1]
LTIFR is the number of lost time injuries (LTIs) for both employees and contractors per 1,000,000 hours worked. An LTI is a work related injury resulting in the person being unable to attend work or perform the routine functions of his/her job, on the next calendar day after the day of the injury, whether a scheduled workday or not. Restricted work cases are therefore counted as LTIs.

Total recordable case frequency rate (TRCFR)[1]
TRCFR is the number of fatal injuries, lost time injuries and medical treatment cases for both employees and contractors per 1,000,000 hours worked.

New cases of occupational disease (NCOD)[1]
NCOD is the sum of occupational diseases due to asbestosis, noise-induced hearing loss, silicosis, coal-workers' pneumoconiosis, chronic obstructive air ways disease, occupational tuberculosis, occupational asthma, hand/arm vibration syndrome, musculoskeletal disorders, occupational dermatitis, occupational cancers, sensitisation to platinum or rhodium salts, malaria, venus thromboembolism, work-related mental disorders and other occupational diseases.

Total energy consumed[1]
Total amount of energy consumed is the sum of total energy from electricity purchased, total energy from fossil fuels and total energy from renewable fuels and is measured in million gigajoules (GJ).

Total water withdrawals[1]
Total water withdrawals by source, reported in line with International Council on Metals and Mining (ICMM) guidance, includes: surface water; groundwater; seawater, and third-party water, and is measured in million m^3.

Greenhouse gases (GHGs)[1]

The Intergovernmental Panel on Climate Change 2006 report (as updated in 2011) factors are applied as defaults for all carbon dioxide-equivalent (CO_2e) and energy calculations. Where emission factors are available for specific countries or sub-regions from government and regulatory authorities, these are applied. Australian operations apply conversion factors required by the government for regulatory reporting and operations in Brazil apply local factors for biomass and biofuel. Factors for CO_2e from electricity are based on local grid factors.

Based on a self-assessment, Anglo American believes it reports in accordance with the WRI/WBCSD GHG Protocol, as issued prior to the 2015 revision on Scope 2 emissions reporting. In line with the GHG Protocol's 'management control' boundary, 100% of the direct and indirect emissions for managed operations are accounted for while zero emissions for joint ventures and other investments are included in the reporting scope.

Level 3, 4 and 5 environmental incidents[1]

Environmental incidents are unplanned or unwanted events resulting from our operations that adversely impact the environment or contravene local regulations/permit conditions. They are classified from minor (Level 1) to significant (Level 5) depending on the duration and extent of impact, as well as the sensitivity and/or biodiversity value of the receiving environment. Level 3-5 incidents are those which we consider to have prolonged impacts on the local environments, lasting in excess of one month and affecting areas greater than several hundred metres on site, or extending beyond the boundaries of our immediate operations.

Total amount spent on corporate social investment (CSI)

Categories for corporate social investment expenditure include charitable donations, community investment and commercial initiatives. CSI contributions can take the form of cash donations, contributions in kind and employees' working hours spent on charity and volunteering projects during work hours. Not included is expenditure that is necessary for the development of an operation (e.g. resettlement of families) or receiving a licence. Training expenditure for individuals who will be employed by the Company following completion of training is not included. CSI is reported in US dollars and converted from the currency of the operations at the average foreign exchange rate applied by Anglo American for financial reporting purposes.

Charitable donations include charitable and philanthropic gifts and contributions that tend to be ad hoc and one-off's.

Community investment includes the funding of community partnerships which address social issues, the costs of providing public facilities to community members who are not employees or dependents, the marginal value of land or other assets transferred to community ownership, and income creation schemes or mentoring/ volunteering initiatives that do not have a principally commercial justification.

Commercial initiatives include enterprise development and other community initiatives/partnerships that can also directly support the success of the Company (such as supplier development). There must, however be a clear and primary element of public benefit.

We prohibit the making of donations for political purposes to any politician, political party or related organisation, an official of a political party or candidate for political office in any circumstances either directly or through third parties.

Jobs supported through enterprise development initiatives

Anglo American supports jobs through training, mentoring and capacity development. The number of jobs supported includes existing jobs (in activities supported by the intervention) and newly created jobs through the programmes. Jobs supported are measured as full time equivalent jobs.

Businesses supported through enterprise development initiatives

Anglo American supports a range of entrepreneurs, micro, small and medium enterprises, including farm households for agricultural development programmes, participating in the programme in our countries of operations through mentoring, technical assistance and funding, depending on the specific programme. The programmes are implemented by our strategic partner TechnoServe, in collaboration with other local partners. The programmes are engaged in ongoing monitoring and data is reported at the end of the reporting period.

Local procurement measurement

Launched in 2010, our Local Procurement Policy provides a framework for supporting development outcomes through targeted procurement initiatives. This policy is further strengthened by region specific policies, especially as it relates to Host Community Procurement. Local and Host Community procurement strategies articulate the value to Anglo American and local Host communities.

The measurement of local host community procurement varies between operations, and is informed by a combination of development outcomes and legal requirements. Local procurement (which is defined as in-county procurement) occurs on multiple levels, and often as a combination of factors, including procurement from host, indigenous and previously disadvantaged communities.

- **Host communities:** includes suppliers who have their main place of business in the direct vicinity of the operation, as defined per region.
- **Indigenous communities:** includes First Nation-owned companies (De Beers Canada), Aboriginal owned supplier businesses (Australia).
- **Previously disadvantaged and marginalised groups:** includes targeted preferential procurement expenditure from identified beneficiary groups e.g. Black owned businesses (South Africa).

In most instances, our local procurement initiatives also take into account communities that may be affected by our operations – specifically referred to as Host Community Procurement, and aimed at ensuring maximum impact on host communities in the direct vicinity of our operations. To improve accuracy and provide a clear and focused approach to our reporting, and to ensure maximum positive impact on our host community and local suppliers, we started to redefine how we measure our support for local and host community suppliers during 2019. In 2020 it was further rolled out and we will continue to expand its reach until all regions have been included. We will also continue to harmonise our data across the regions.

(1) Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2020, 2019 and 2018, data excludes results from De Beers' joint operations in Namibia and Botswana. Prior years' data includes results from De Beers' joint operations in Namibia and Botswana. See Anglo American plc Sustainability Report 2020 for the full list of entities within the reporting scope.

Alternative performance measures

Introduction

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures (APMs) of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards (IFRS).

The APMs used by the Group fall into two categories:

- Financial APMs: These financial measures are usually derived from the financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information, such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, substantially the same as those disclosed in the Group's Consolidated financial statements for the year ended 31 December 2019 with the exception of the new accounting pronouncements disclosed in note 39.
- Non-financial APMs: These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.

APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, the APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies.

APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Purpose

The Group uses APMs to improve the comparability of information between reporting periods and business units, either by adjusting for uncontrollable factors or special items which impact upon IFRS measures or, by aggregating measures, to aid the user of the Annual Report in understanding the activity taking place across the Group's portfolio.

Their use is driven by characteristics particularly visible in the mining sector:

1. Earnings volatility: The Group mines and markets commodities and precious metals and minerals. The sector is characterised by significant volatility in earnings driven by movements in macro-economic factors, primarily price and foreign exchange. This volatility is outside the control of management and can mask underlying changes in performance. As such, when comparing year-on-year performance, management excludes certain items (such as those classed as 'special items') to aid comparability and then quantifies and isolates uncontrollable factors in order to improve understanding of the controllable portion of variances.
2. Nature of investment: Investments in the sector typically occur over several years and are large, requiring significant funding before generating cash. These investments are often made with partners and the nature of the Group's ownership interest affects how the financial results of these operations are reflected in the Group's results e.g. whether full consolidation (subsidiaries), consolidation of the Group's attributable assets and liabilities (joint operations) or equity accounted (associates and joint ventures). Attributable metrics are therefore presented to help demonstrate the financial performance and returns available to the Group, for investment and financing activities, excluding the effect of different accounting treatments for different ownership interests.
3. Portfolio complexity: The Group operates in a number of different, but complementary commodities, precious metals and minerals. The cost, value of and return from each saleable unit (e.g. tonne, pound, carat, ounce) can differ materially between each business. This makes understanding both the overall portfolio performance, and the relative performance of its constituent parts on a like-for-like basis, more challenging. The Group therefore uses composite APMs to provide a consistent metric to assess performance at the portfolio level.

Consequently, APMs are used by the Board and management for planning and reporting. A subset is also used by management in setting director and management remuneration, such as attributable free cash flow prior to growth capital expenditure. The measures are also used in discussions with the investment analyst community and credit rating agencies.

Financial APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Income statement			
Group revenue	Revenue	– Revenue from associates and joint ventures	– Exclude the effect of different basis of consolidation to aid comparability
Underlying EBIT	Profit/(loss) before net finance income/(costs) and tax	– Operating and non-operating special items and remeasurements – Underlying EBIT from associates and joint ventures	– Exclude the impact of certain items due to their size and nature to aid comparability – Exclude the effect of different basis of consolidation to aid comparability
Underlying EBITDA	Profit/(loss) before net finance income/(costs) and tax	– Operating and non-operating special items and remeasurements – Depreciation and amortisation – Underlying EBITDA from associates and joint ventures	– Exclude the impact of certain items due to their size and nature to aid comparability – Exclude the effect of different basis of consolidation to aid comparability
Underlying earnings	Profit/(loss) for the financial year attributable to equity shareholders of the Company	– Special items and remeasurements	– Exclude the impact of certain items due to their size and nature to aid comparability
Underlying effective tax rate	Income tax expense	– Tax related to special items and remeasurements – The Group's share of associates' and joint ventures' profit before tax, before special items and remeasurements, and tax expense, before special items and remeasurements	– Exclude the impact of certain items due to their size and nature to aid comparability – Exclude the effect of different basis of consolidation to aid comparability
Basic underlying earnings per share	Earnings per share	– Special items and remeasurements	– Exclude the impact of certain items due to their size and nature to aid comparability

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Mining EBITDA margin	Operating profit margin, defined by IFRS	– Revenue from associates and joint ventures – Operating and non-operating special items and remeasurements – Underlying EBIT from associates and joint ventures – Adjustment to Debswana to reflect as a 50/50 joint operation – Exclusion of third-party sales, purchases and trading activity	– Exclude non-mining revenue and EBITDA to show a margin for mining operations only which provides a relevant comparison to peers
Balance sheet			
Net debt	Borrowings less cash and related hedges	– Debit valuation adjustment – Borrowings do not include the royalty liability (note 33) on the basis that obligations to make cash payments against this liability only arise when the Woodsmith project generates revenues, and that otherwise the Group is not currently contractually liable to make any payments under this arrangement (other than in the event of the Woodsmith project's insolvency)	– Exclude the impact of accounting adjustments from the net debt obligation of the Group
Attributable ROCE	No direct equivalent	– Non-controlling interests' share of capital employed and underlying EBIT – Average of opening and closing attributable capital employed	– Exclude the effect of different basis of consolidation to aid comparability
Cash flow			
Capital expenditure (capex)	Expenditure on property, plant and equipment	– Cash flows from derivatives related to capital expenditure – Proceeds from disposal of property, plant and equipment – Direct funding for capital expenditure from non-controlling interests – Reimbursement of capital expenditure	– To reflect the net attributable cost of capital expenditure taking into account economic hedges
Attributable free cash flow	Cash flows from operations	– Capital expenditure – Cash tax paid – Dividends from associates, joint ventures and financial asset investments – Net interest paid – Dividends to non-controlling interests – Capital repayment of lease obligations – Expenditure on non-current intangible assets (excluding goodwill)	– To measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting existing capex commitments
Sustaining attributable free cash flow	Cash flows from operations	– Cash tax paid – Dividends from associates, joint ventures and financial asset investments – Net interest paid – Dividends to non-controlling interests – Capital repayment of lease obligations – Sustaining capital expenditure – Capitalised operating cash flows relating to life extension projects	– To measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting the capex commitments needed to sustain the current production base of existing assets. Sustaining attributable free cash flow is also used as an incentive measure in executives' remuneration and is proposed to be used in LTIP 20. It is calculated as attributable free cash flow prior to growth capex and expenditure on non-current intangible assets (excluding goodwill)

Group revenue
Group revenue includes the Group's attributable share of associates' and joint ventures' revenue. A reconciliation to 'Revenue', the closest equivalent IFRS measure to Group revenue, is provided within note 2 to the Consolidated financial statements.

Underlying EBIT
Underlying EBIT is 'Operating profit/(loss)' presented before special items and remeasurements[1] and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of associates' and joint ventures' revenue less operating costs before special items and remeasurements[1] of associates and joint ventures.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT, is provided within note 2 to the Consolidated financial statements.

Underlying EBITDA
Underlying EBITDA is underlying EBIT before depreciation and amortisation and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 2 to the Consolidated financial statements.

Underlying earnings
Underlying earnings is 'Profit/(loss) for the financial year attributable to equity shareholders of the Company' before special items and remeasurements[1] and is therefore presented after net finance costs, income tax expense and non-controlling interests.

A reconciliation to 'Profit/(loss) for the financial year attributable to equity shareholders of the Company', the closest equivalent IFRS measure to underlying earnings, is provided within note 2 to the Consolidated financial statements.

Underlying effective tax rate

The underlying effective tax rate equates to the income tax expense, before special items and remeasurements[1] and including the Group's share of associates' and joint ventures' tax before special items and remeasurements[1], divided by profit before tax before special items and remeasurements[1] and including the Group's share of associates' and joint ventures' profit before tax before special items and remeasurements[1].

A reconciliation to 'Income tax expense', the closest equivalent IFRS measure to underlying effective tax rate, is provided within note 5 to the Consolidated financial statements.

(1) Special items and remeasurements are defined in note 8 to the Consolidated financial statements.

Underlying earnings per share

Basic and diluted underlying earnings per share are calculated as underlying earnings divided by the basic or diluted shares in issue. The calculation of underlying earnings per share is disclosed within note 3 to the Consolidated financial statements.

Mining EBITDA margin

The mining EBITDA margin is derived from the Group's underlying EBITDA as a percentage of Group revenue, adjusted to exclude certain items to better reflect the performance of the Group's mining business. The mining EBITDA margin reflects Debswana accounting treatment as a 50/50 joint operation, excludes third-party sales, purchases and trading and excludes Platinum Group Metals' purchase of concentrate.

US$ million (unless otherwise stated)	2020	2019
Underlying EBITDA	**9,802**	10,006
Group revenue	**32,338**	31,825
Margin	**30%**	31%
Adjustments for:		
Debswana adjustment to reflect as a 50/50 joint operation	**2%**	2%
Exclude third-party purchases, trading activity and processing[1]	**11%**	9%
Mining EBITDA margin	**43%**	42%

(1) Third-party purchases, trading activity and processing consists of Platinum Group Metals' purchase of concentrate, third-party sales and purchases and the impact of third-party trading activity.

Net debt

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives that provide an economic hedge of net debt, see note 22, but excluding the impact of the debit valuation adjustment on these derivatives, explained in note 20). A reconciliation to the Consolidated balance sheet is provided within note 20 to the Consolidated financial statements.

Capital expenditure (capex)

Capital expenditure is defined as cash expenditure on property, plant and equipment, including related derivatives, and is presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests and reimbursement of capital expenditure in order to match more closely the way in which it is managed. A reconciliation to 'Expenditure on property, plant and equipment', the closest equivalent IFRS measure to capital expenditure, is provided within note 12 to the Consolidated financial statements.

Operating cash flows generated by operations that have not yet reached commercial production are also included in capital expenditure. However, capital expenditure is also periodically shown on an underlying basis i.e. before inclusion of capitalised operating cash flows. Where this occurs, the measure is footnoted as such.

Sustaining capital

Sustaining capital is calculated as capital expenditure excluding capitalised operating cash flows and growth projects. Expenditure on growth projects in 2020 principally related to Quellaveco and the Woodsmith polyhalite project acquired in March 2020, and construction of another diamond mining vessel (2019: Quellaveco and the greenfield synthetic diamond plant in Oregon (De Beers)). The Group uses sustaining capital as a measure to provide additional information to understand the capital needed to sustain the current production base of existing assets.

Attributable return on capital employed (ROCE)

ROCE is a ratio that measures the efficiency and profitability of a company's capital investments. Attributable ROCE displays how effectively assets are generating profit on invested capital for the equity shareholders of the Company. It is calculated as attributable underlying EBIT divided by average attributable capital employed.

Attributable underlying EBIT excludes the underlying EBIT of non-controlling interests.

Capital employed is defined as net assets excluding net debt and financial asset investments. Attributable capital employed excludes capital employed of non-controlling interests. Average attributable capital employed is calculated by adding the opening and closing attributable capital employed for the relevant period and dividing by two.

Attributable ROCE is also used as an incentive measure in executives' remuneration and is predicated upon the achievement of ROCE targets in the final year of a three year performance period.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT, is provided within note 2 to the Consolidated financial statements. A reconciliation to 'Net assets', the closest equivalent IFRS measure to capital employed, is provided within note 9 to the Consolidated financial statements. The table below reconciles underlying EBIT and capital employed to attributable underlying EBIT and average attributable capital employed by segment.

	Attributable ROCE %	
	2020	2019
De Beers	**–**	2
Copper	**19**	16
Platinum Group Metals	**48**	38
Iron Ore	**41**	31
Coal	**(16)**	26
Nickel and Manganese	**17**	20
Crop Nutrients	**n/a**	n/a
Corporate and other	**n/a**	n/a
	17	19

US$ million	Underlying EBIT	Less: Non-controlling interests' share of underlying EBIT	Attributable underlying EBIT	Opening attributable capital employed	Closing capital employed	Less: Non-controlling interests' share of closing capital employed	Closing attributable capital employed	Average attributable capital employed
								2020
De Beers	—	12	12	7,566	8,967	(1,255)	7,712	7,639
Copper	1,227	(148)	1,079	5,400	9,128	(3,231)	5,897	5,649
Platinum Group Metals	2,270	(454)	1,816	3,405	4,967	(776)	4,191	3,798
Iron Ore	4,091	(1,158)	2,933	7,161	8,472	(1,275)	7,197	7,179
Coal	(632)	1	(631)	3,721	3,967	36	4,003	3,862
Nickel and Manganese	324	(3)	321	2,305	1,395	—	1,395	1,850
Crop Nutrients	1	—	1	—	988	—	988	494
Corporate and other	(231)	7	(224)	38	86	—	86	62
	7,050	(1,743)	5,307	29,596	37,970	(6,501)	31,469	30,533

US$ million	Underlying EBIT	Less: Non-controlling interests' share of underlying EBIT	Attributable underlying EBIT	Opening attributable capital employed	Closing capital employed	Less: Non-controlling interests' share of closing capital employed	Closing attributable capital employed	Average attributable capital employed
								2019
De Beers	168	(26)	142	7,164	8,800	(1,234)	7,566	7,365
Copper	960	(203)	757	4,334	8,238	(2,838)	5,400	4,867
Platinum Group Metals	1,672	(371)	1,301	3,416	4,045	(640)	3,405	3,411
Iron Ore	2,952	(933)	2,019	5,799	8,363	(1,202)	7,161	6,480
Coal	1,010	(2)	1,008	4,066	3,787	(66)	3,721	3,894
Nickel and Manganese	477	(6)	471	2,390	2,305	—	2,305	2,348
Corporate and other	(229)	10	(219)	(51)	38	—	38	(8)
	7,010	(1,531)	5,479	27,118	35,576	(5,980)	29,596	28,357

Attributable free cash flow

Attributable free cash flow is calculated as 'Cash flows from operations' plus dividends received from associates, joint ventures and financial asset investments, less capital expenditure, less expenditure on non-current intangible assets (excluding goodwill), less tax cash payments excluding tax payments relating to disposals, less net interest paid including interest on derivatives hedging net debt, less dividends paid to non-controlling interests.

A reconciliation of 'Cash flows from operations', the closest equivalent IFRS measure, is provided on page 64 of the Group financial review.

Sustaining attributable free cashflow

Sustaining attributable free cash flow is used to measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting the capex commitments needed to sustain the current production base of existing assets. Sustaining attributable free cash flow is also used as an incentive measure in executives' remuneration and is proposed to be used in LTIP 20. It is calculated as attributable free cash flow prior to growth capex and expenditure on non-current intangible assets (excluding goodwill). A reconciliation of 'Cash flows from operations', the closest equivalent IFRS measure, is provided on page 64 of the Group financial review. Growth capital expenditure in 2020 principally related to Quellaveco, Woodsmith, and construction of another diamond mining vessel (2019: Quellaveco and construction of a greenfield synthetic diamond plant (De Beers)).

Non-financial APMs

Some of our measures are not reconciled to IFRS either because they include non-financial information, because there is no meaningful IFRS comparison or the purpose of the measure is not typically covered by IFRS.

Group APM	Category	Purpose
Copper equivalent production	Portfolio complexity	Communicate production/revenue generation movements in a single comparable measure removing the impact of price
Unit cost	Earnings volatility	Express cost of producing one unit of saleable product
Copper equivalent unit cost	Portfolio complexity	Communicate the cost of production per unit in a single comparable measure for the portfolio
Productivity	Portfolio complexity	Highlight efficiency in generating revenue per employee
Volume and cash cost improvements	Earnings volatility	Quantify year-on-year underlying EBITDA improvement removing the impact of major uncontrollable factors

Copper equivalent production

Copper equivalent production, expressed as copper equivalent tonnes, shows changes in underlying production volume. It is calculated by expressing each commodity's volume as revenue, subsequently converting the revenue into copper equivalent units by dividing by the copper price (per tonne). Long term forecast prices (and foreign exchange rates where appropriate) are used, in order that period-on-period comparisons exclude any impact for movements in price.

When calculating copper equivalent production, domestic thermal coal sales are excluded, as are sales from non-mining activities. Volume from projects in pre-commercial production are included.

Unit cost

Unit cost is the direct cash cost including direct cash support costs incurred in producing one unit of saleable production. Unit cost relates to equity production only.

For bulk products (iron ore, coal), unit costs shown are FOB i.e. cost on board at port. For base metals (copper, nickel), they are shown at C1 i.e. after inclusion of by-product credits and logistics costs. For PGMs and diamonds, unit costs include all direct expensed cash costs incurred i.e. excluding, among other things, market development activity, corporate overhead etc. Platinum Group Metals unit costs exclude by-product credits. Royalties are excluded from all unit cost calculations.

Copper equivalent unit cost

Copper equivalent unit cost is the cost incurred to produce one tonne of copper equivalent. Only the cost incurred in mined output from subsidiaries and joint operations is included, representing direct costs in the Consolidated income statement controllable by the Group. Costs and volumes from associates and joint ventures are excluded, as are those from operations that are not yet in commercial production, that deliver domestic production, and those associated with third party volume purchases of diamonds and PGMs concentrate.

When calculating copper equivalent unit cost, unit costs for each commodity are multiplied by relevant production, combined and then divided by the total copper equivalent production, to get a copper equivalent unit cost i.e. the cost of mining one tonne of copper equivalent. The metric is in US dollars and, where appropriate, long term foreign exchange rates are used to convert from local currency to US dollars.

Productivity

The Group's productivity measure calculates the copper equivalent production generated per employee. It is a measure that represents how well headcount is driving revenue. It is calculated by dividing copper equivalent production by the average direct headcount from consolidated mining operations in a given year.

Volume and cash cost improvements

The Group uses an underlying EBITDA waterfall to understand its year-on-year underlying EBITDA performance. The waterfall isolates the impact of uncontrollable factors in order that the real year-on-year improvement in performance can be seen by the user.

Three variables are normalised, in the results of subsidiaries and joint operations, for:

- Price: The movement in price between comparative periods is removed by multiplying current year sales volume by the movement in realised price for each product group.
- Foreign exchange: The year-on-year movement in exchange is removed from the current year non-US dollar cost base i.e. costs are restated at prior year foreign exchange rates. The non-US dollar cash cost base excludes costs which are price linked (e.g. purchase of concentrate from third party PGMs providers, third party diamond purchases).
- Inflation: CPI is removed from cash costs, restating these costs at the pricing level of the base year.

The remaining variances in the underlying EBITDA waterfall are in real US dollar terms for the base year i.e. for a waterfall comparing 2020 with 2019, the sales volume and cash cost variances exclude the impact of price, foreign exchange and CPI and are hence in real 2019 terms. This allows the user of the waterfall to understand the underlying real movement in sales volumes and cash costs on a consistent basis.

Production statistics

The figures below include the entire output of consolidated entities and the Group's attributable share of joint operations, associates and joint ventures where applicable, except for De Beers' joint operations which are quoted on a 100% basis.[1]

	2020	2019
De Beers		
Carats recovered ('000 carats) 100% basis (unless otherwise stated)		
Jwaneng	7,538	12,462
Orapa[2]	9,021	10,792
Botswana	16,559	23,254
Debmarine Namibia	1,125	1,292
Namdeb (land operations)	323	408
Namibia	1,448	1,700
Venetia	3,771	1,922
South Africa	3,771	1,922
Gahcho Kué (51% basis)	3,324	3,479
Victor	–	421
Canada	3,324	3,900
Total carats recovered	25,102	30,776
Sales volumes		
Total sales volume (100%) (Mct)[3]	22.7	30.9
Consolidated sales volume (Mct)[3]	21.4	29.2
Number of Sights (sales cycles)[3]	9	10
Copper[4]		
Los Bronces mine[5]		
Ore mined	39,211,300	65,915,300
Ore processed – Sulphide	42,034,800	42,008,400
Ore grade processed – Sulphide (% TCu)[6]	0.81	0.83
Production – Copper cathode	39,300	39,000
Production – Copper in concentrate	285,400	296,000
Total production	324,700	335,000
Collahuasi 100% basis (Anglo American share 44%)		
Ore mined	71,959,200	87,253,200
Ore processed – Sulphide	55,831,600	54,133,100
Ore grade processed – Sulphide (% TCu)[6]	1.24	1.19
Production – Copper in concentrate	629,100	565,400
Anglo American's 44% share of copper production for Collahuasi	276,900	248,800
El Soldado mine[5]		
Ore mined	7,160,500	12,128,100
Ore processed – Sulphide	6,921,700	7,438,500
Ore grade processed – Sulphide (% TCu)[6]	0.84	0.93
Production – Copper in concentrate	45,800	54,200
Chagres Smelter[5]		
Ore smelted[7]	111,600	122,000
Production	108,700	118,600
Total copper production[8]	647,400	638,000
Total payable copper production	622,400	614,300
Total sales volumes	648,500	643,900
Total payable sales volumes	623,000	619,500
Third party sales[9]	453,100	349,000

See page 253 for footnotes.

	2020	2019
Platinum Group Metals		
Produced PGMs ('000 troy oz)[10]	3,808.9	4,440.9
Own-mined	2,549.0	3,011.3
Mogalakwena	1,181.6	1,215.0
Amandelbult	608.1	893.3
Unki	196.1	201.7
Mototolo	223.6	242.3
Joint operations[11]	339.6	459.0
Purchase of concentrate	1,259.9	1,429.6
Joint operations[11]	339.5	459.0
Third parties	920.4	970.6
Refined production[10][12]		
Platinum ('000 troy oz)	1,201.1	2,210.9
Palladium ('000 troy oz)	905.4	1,480.5
Rhodium ('000 troy oz)	173.9	293.4
Other PGMs and Gold ('000 troy oz)	432.6	665.2
Nickel (tonnes)	13,800	23,000
Tolled material ('000 troy oz)[13]	503.5	496.9
4E Head grade (g/tonne milled)[14]	3.56	3.61
PGMs sales – own-mined and purchase of concentrate[10][15]	2,868.5	4,633.7
PGMs sales – third party trading[10][16]	1,170.9	349.0
Iron Ore		
Iron Ore production[17]	61,102,300	65,502,600
Iron Ore sales[17]	63,586,500	64,900,700
Kumba production	37,020,800	42,387,700
Lump	25,072,000	28,510,100
Fines	11,948,800	13,877,600
Kumba production by mine (tonnes)		
Sishen	25,353,300	29,174,400
Kolomela	11,667,500	13,213,300
Kumba sales[18]		
Export iron ore[18]	39,443,000	39,793,500
Domestic iron ore	351,600	2,180,200
Minas-Rio production		
Pellet feed (wet basis)[19]	24,081,500	23,114,900
Minas-Rio sales		
Export – pellet feed (wet basis)[19]	23,791,900	22,927,000
Metallurgical Coal (tonnes)		
Metallurgical Coal production[20]	16,821,900	22,852,200
Hard coking coal	13,424,000	18,957,100
PCI/SSCC	3,397,900	3,895,100
Export thermal coal	2,020,500	1,410,700
Metallurgical Coal sales by product (tonnes)	16,887,900	22,380,600
Hard coking coal	13,839,300	19,069,900
PCI/SSCC	3,048,600	3,310,700
Export thermal coal	2,284,800	1,807,600
Metallurgical Coal production by operation (tonnes)[20]	16,821,900	22,852,200
Moranbah North	4,430,300	6,148,400
Grosvenor	1,106,300	4,721,900
Capcoal (including Grasstree)	5,614,900	5,932,000
Dawson	2,429,100	2,953,000
Jellinbah	3,241,300	3,096,900
Thermal Coal (tonnes)		
Thermal Coal production (tonnes)[20]	34,608,300	36,427,600
Export – South Africa[21]	16,463,100	17,795,600
Export – Colombia[22]	4,130,000	8,586,100
Domestic – South Africa	14,015,200	10,045,900
Thermal Coal sales	42,831,600	47,609,900
Export – South Africa[21]	16,573,100	18,148,400
Export – Colombia[22]	4,534,100	8,773,800
Domestic – South Africa	12,369,200	9,767,500
Third party sales	9,355,200	10,920,200

See page 253 for footnotes.

	2020	2019
Thermal Coal South Africa production by operation (tonnes)[20]	**30,478,300**	27,841,500
Goedehoop	**6,124,000**	6,066,300
Greenside	**4,494,000**	4,845,900
Zibulo	**5,152,600**	5,359,300
Khwezela	**6,182,400**	5,760,800
Mafube	**1,818,200**	1,807,500
Other[23]	**6,707,100**	4,001,700
Nickel and Manganese (tonnes) unless stated otherwise[24]		
Barro Alto		
Ore mined	**4,197,900**	4,075,600
Ore processed	**2,400,600**	2,265,700
Ore grade processed – %Ni	**1.65**	1.69
Production	**34,900**	33,900
Codemin		
Ore mined	**3,200**	40,300
Ore processed	**581,300**	570,500
Ore grade processed – %Ni	**1.66**	1.65
Production	**8,600**	8,700
Total nickel production	**43,500**	42,600
Nickel sales volumes	**43,000**	41,700
Samancor production		
Manganese ore[25]	**3,520,000**	3,513,400
Manganese alloys[25][26]	**80,500**	137,200
Sales volumes		
Manganese ore	**3,529,100**	3,610,600
Manganese alloys	**103,400**	132,500

(1) De Beers Group production is on a 100% basis, except for the Gahcho Kué joint operation which is on an attributable 51% basis.
(2) Orapa constitutes the Orapa Regime which includes Orapa, Letlhakane and Damtshaa.
(3) Consolidated sales volumes exclude De Beers Group's joint arrangement partners' 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and the Namibia Diamond Trading Company, which are included in total sales volume (100% basis). Sight 3 in Q2 2020 was cancelled due to Covid-19-related restrictions on the movement of people and product.
(4) Excludes copper production from the Platinum Group Metals business unit. Units shown are tonnes unless stated otherwise.
(5) Anglo American ownership interest of Los Bronces, El Soldado and the Chagres Smelter is 50.1%. Production is stated at 100% as Anglo American consolidates these operations.
(6) TCu = total copper.
(7) Copper contained basis.
(8) Total copper production includes Anglo American's 44% interest in Collahuasi.
(9) Relates to sales of copper not produced by Anglo American operations.
(10) PGMs is 5E+Au (platinum, palladium, rhodium, ruthenium and iridium plus gold).
(11) The joint operations are Modikwa and Kroondal. Platinum owns 50% of these operations, which is presented under 'Own-mined' production, and purchases the remaining 50% of production, which is presented under 'Purchase of concentrate'.
(12) Refined production excludes toll material but includes in comparative periods material now transitioned to tolling.
(13) Tolled volume measured as the combined content of platinum, palladium, rhodium and gold, reflecting the tolling agreements in place.
(14) 4E: the grade measured as the combined content of: platinum, palladium, rhodium and gold, excludes tolled material. Minor metals are excluded due to variability.
(15) Sales from own mined and purchased concentrate, excludes refined metal purchased from third parties. PGMs sales volumes from production are generally ~65% own mined and ~35% purchases of concentrate though this may vary from quarter to quarter.
(16) Relates to sales of metal not produced by Anglo American operations.
(17) Total iron ore is the sum of Kumba (dry basis) and Minas-Rio (wet basis).
(18) Sales volumes differ to Kumba's standalone results due to sales to other Group companies.
(19) Volumes are reported as wet metric tonnes. Product is shipped with ~9% moisture.
(20) Anglo American's attributable share of production.
(21) Includes export primary production, secondary production sold into export markets and production sold domestically at export parity pricing.
(22) Anglo American's attributable share of Cerrejón production is 33.3%.
(23) Other includes Isibonelo and Rietvlei.
(24) Excludes nickel production from the Platinum Group Metals business unit.
(25) Saleable production.
(26) Production includes medium carbon ferro-manganese.

Quarterly production statistics

	Quarter ended					% Change (Quarter ended)	
	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019	31 December 2020 v 30 September 2020	31 December 2020 v 31 December 2019
De Beers							
Carats recovered ('000 carats)							
100% basis[(1)]							
Diamonds	6,663	7,162	3,527	7,750	7,787	(7%)	(14%)
Copper (tonnes)[(2)(3)]	167,800	165,700	166,800	147,100	158,800	1%	6%
PGMs M&C ('000 troy oz)[(4)]	1,076.1	1,112.8	665.1	954.9	1,152.6	(3%)	(7%)
PGMs refined ('000 troy oz)[(4)(5)]	673.1	1,020.7	407.0	612.2	1,317.4	(34%)	(49%)
Platinum ('000 troy oz)	296.4	503.8	160.6	240.3	629.7	(41%)	(53%)
Palladium ('000 troy oz)	206.8	354.1	147.4	197.1	396.6	(42%)	(48%)
Rhodium ('000 troy oz)	47.1	48.9	30.6	47.3	90.8	(4%)	(48%)
Other PGMs and gold ('000 troy oz)[(4)]	122.8	113.9	68.4	127.5	200.3	8%	(39%)
Nickel (tonnes)	3,700	5,000	2,000	3,100	6,400	(26%)	(42%)
Iron Ore (tonnes)[(6)]	16,030,600	14,525,400	14,672,900	15,873,400	17,969,700	10%	(11%)
Iron ore – Kumba	9,565,000	9,531,600	8,474,900	9,449,300	11,806,100	—%	(19%)
Iron ore – Minas-Rio[(7)]	6,465,600	4,993,800	6,198,000	6,424,100	6,163,600	29%	5%
Metallurgical Coal (tonnes)[(8)]	4,182,400	4,836,100	3,977,200	3,826,200	6,283,600	(14%)	(33%)
Hard Coking Coal	3,221,200	3,969,100	3,221,500	3,012,200	5,117,500	(19%)	(37%)
PCI/SSCC	961,200	867,000	755,700	814,000	1,166,100	11%	(18%)
Export thermal Coal	562,300	587,000	468,000	403,200	389,200	(4%)	44%
Thermal Coal (tonnes)[(8)]	8,059,500	9,575,400	8,293,000	8,680,400	9,340,800	(16%)	(14%)
Export – South Africa[(9)]	4,085,000	4,595,400	3,587,600	4,195,100	4,515,100	(11%)	(10%)
Export – Colombia[(10)]	347,000	1,037,700	767,400	1,977,900	2,314,900	(67%)	(85%)
Domestic – South Africa	3,627,500	3,942,300	3,938,000	2,507,400	2,510,800	(8%)	44%
Nickel and Manganese (tonnes)							
Nickel[(11)]	11,700	10,200	10,800	10,900	11,700	15%	—%
Manganese ore[(12)]	942,400	938,700	796,000	842,900	902,900	—%	4%
Manganese alloys[(12)(13)]	14,600	18,300	23,200	24,400	31,600	(20%)	(54%)

(1) De Beers Group production is on a 100% basis, except for the Gahcho Kué joint operation which is on an attributable 51% basis.
(2) Excludes copper production from the Platinum Group Metals business unit.
(3) Copper segment attributable production. Total copper production includes Anglo American's 44% interest in Collahuasi.
(4) PGMs is 5E+Au (platinum, palladium, rhodium, ruthenium and iridium plus gold).
(5) Refined production excludes toll material but includes in comparative periods material now transitioned to tolling.
(6) Total iron ore is the sum of Kumba (dry basis) and Minas-Rio (wet basis).
(7) Volumes are reported as wet metric tonnes. Product is shipped with ~9% moisture.
(8) Anglo American's attributable share of production.
(9) Includes export primary production, secondary production sold into export markets and production sold domestically at export parity pricing.
(10) Anglo American's attributable share of Cerrejón production is 33.3%.
(11) Excludes nickel production from the Platinum Group Metals business unit.
(12) Saleable production.
(13) Production includes medium carbon ferro-manganese.

Non-financial data

	2020	2019	2018	2017	2016
Anglo American plc data					
Safety[1]					
Work-related fatalities	**2**	4	5	9	11
Fatal-injury frequency rate (FIFR)[2]	**0.010**	0.017	0.024	0.035	0.038
Total recordable case frequency rate (TRCFR)[2]	**2.14**	2.21	2.66	3.17	3.55
Lost-time injury frequency rate (LTIFR)[2]	**1.34**	1.36	1.63	1.68	1.87
Occupational health[1]					
New cases of occupational disease (NCOD)[2]	**30**	39	101	96	111
Environment[1]					
Total greenhouse gas (GHG) emissions (Mt CO_2e)	**16.1**	17.7	16.2	18.0	17.9
Total energy consumed (million GJ)[2]	**81**	87	84	97	106
Total water withdrawals (million m^3)[2]	**209**	n/a	n/a	n/a	n/a
People					
Number of employees ('000)[3]	**64**	63	63	69	80
Women in senior management (%)[4]	**27**	24	21	18	15
Historically Disadvantaged South Africans in management (%)[5]	**68**	65	65	66	62
Resignations (%)[6]	**1.5**	2.3	2.4	2.3	2.2
Redundancies (%)[7]	**1.5**	1.2	0.7	0.7	7.1
Dismissals (%)[8]	**1.0**	1.2	1.2	1.4	1.8
Other reasons for leaving (%)[9]	**6.4**	5.1	5.8	4.0	3.5
Social					
CSI spend (total in US$ million)[10]	**125**	114	82	88	84
CSI spend (% of underlying EBIT)[10]	**2**	2	2	2	3
Businesses supported through enterprise development initiatives[11]	**66,625**	65,548	64,830	64,291	62,447
Jobs created/maintained through enterprise development programmes[11]	**137,777**	132,082	125,095	120,812	116,298
Select Business Unit data					
Safety[1]					
Work-related fatalities – De Beers	**–**	–	1	–	2
Work-related fatalities – Copper Chile	**–**	1	–	–	–
Work-related fatalities – Copper Peru[12]	**–**	1	n/a	n/a	n/a
Work-related fatalities – PGMs	**1**	–	2	6	7
Work-related fatalities – Iron Ore – Kumba	**–**	–	–	–	2
Work-related fatalities – Iron Ore – IOB	**–**	–	–	–	–
Work-related fatalities – Coal – Metallurgical Coal	**–**	1	–	–	–
Work-related fatalities – Coal – Thermal Coal South Africa	**1**	1	2	3	–
Work-related fatalities – Nickel	**–**	–	–	–	–
Work-related fatalities – Crop Nutrients[12]	**–**	n/a	n/a	n/a	n/a
Work-related fatalities – Corporate and Other	**–**	–	–	–	–
TRCFR – De Beers	**2.18**	3.07	2.48	1.90	2.05
TRCFR – Copper Chile	**1.58**	1.15	1.03	1.22	3.27
TRCFR – Copper Peru[12]	**2.20**	0.91	n/a	n/a	n/a
TRCFR – PGMs	**2.40**	2.50	3.00	4.52	5.28
TRCFR – Iron Ore – Kumba	**1.74**	2.06	1.80	3.23	3.90
TRCFR – Iron Ore – IOB	**1.87**	1.48	2.14	1.30	1.57
TRCFR – Coal – Metallurgical Coal	**4.72**	6.20	9.04	12.19	5.59
TRCFR – Coal – Thermal Coal South Africa	**1.55**	1.56	1.87	1.77	1.45
TRCFR – Nickel	**1.51**	2.75	3.03	1.67	2.43
TRCFR – Crop Nutrients[12]	**0.81**	n/a	n/a	n/a	n/a
TRCFR – Corporate and Other	**0.63**	0.17	1.85	2.53	1.81

See next page for footnotes.

	2020	2019	2018	2017	2016
Environment[1]					
GHG emissions – Mt CO_2e – De Beers	**0.42**	0.48	0.56	1.85	1.85
GHG emissions – Mt CO_2e – Copper Chile	**1.07**	1.17	1.32	1.23	1.10
GHG emissions – Mt CO_2e – Copper Peru[12]	**0.05**	0.15	n/a	n/a	n/a
GHG emissions – Mt CO_2e – PGMs	**3.94**	4.44	4.12	4.61	5.58
GHG emissions – Mt CO_2e – Iron Ore – Kumba	**0.91**	1.00	0.96	1.00	0.95
GHG emissions – Mt CO_2e – Iron Ore – IOB	**0.20**	0.20	0.09	0.19	0.17
GHG emissions – Mt CO_2e – Coal – Metallurgical Coal	**7.40**	8.17	6.85	6.37	5.47
GHG emissions – Mt CO_2e – Coal – Thermal Coal South Africa	**0.84**	0.90	1.00	1.45	1.43
GHG emissions – Mt CO_2e – Nickel	**1.24**	1.23	1.21	1.22	1.19
GHG emissions – Mt CO_2e – Crop Nutrients[12]	**0.01**	n/a	n/a	n/a	n/a
GHG emissions – Mt CO_2e – Corporate and Other[13]	**–**	0.01	0.01	0.04	0.03
Energy consumption – million GJ – De Beers	**3.8**	4.5	5.8	15.7	16.4
Energy consumption – million GJ – Copper Chile	**11.3**	12.3	13.4	13.1	12.8
Energy consumption – million GJ – Copper Peru[12]	**0.6**	2.0	n/a	n/a	n/a
Energy consumption – million GJ – PGMs	**18.1**	20.1	20.0	21.5	24.6
Energy consumption – million GJ – Iron Ore – Kumba	**8.1**	8.8	8.9	8.9	8.5
Energy consumption – million GJ – Iron Ore – IOB	**5.2**	5.1	1.8	4.5	4.2
Energy consumption – million GJ – Coal – Metallurgical Coal	**8.5**	10.1	9.0	7.6	10.1
Energy consumption – million GJ – Coal – Thermal Coal South Africa	**3.5**	3.5	4.1	6.0	5.8
Energy consumption – million GJ – Nickel	**21.3**	20.2	20.0	19.8	20.3
Energy consumption – million GJ – Crop Nutrients[12]	**0.1**	n/a	n/a	n/a	n/a
Energy consumption – million GJ – Corporate and Other[13]	**0.1**	0.1	0.9	0.4	0.4
Total water withdrawals – million m^3 – De Beers	**8.7**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Copper Chile	**35.8**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Copper Peru[12]	**1.5**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – PGMs	**56.9**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Iron Ore – Kumba	**10.6**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Iron Ore – IOB	**35.3**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Coal – Metallurgical Coal	**20.8**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Coal – Thermal Coal South Africa	**31.4**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Nickel	**8.0**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Crop Nutrients[12]	**0.2**	n/a	n/a	n/a	n/a
Total water withdrawals – million m^3 – Corporate and Other	**–**	n/a	n/a	n/a	n/a
People[3]					
Number of employees – De Beers	**8,700**	9,000	10,000	10,000	9,000
Number of employees – Copper Chile	**3,800**	4,000	4,000	4,000	4,000
Number of employees – Copper Peru[12]	**400**	300	n/a	n/a	n/a
Number of employees – PGMs	**31,500**	31,000	33,000	36,000	45,000
Number of employees – Iron Ore – Kumba	**6,200**	6,000	6,000	6,000	5,000
Number of employees – Iron Ore – IOB	**2,500**	3,000	2,000	2,000	2,000
Number of employees – Coal – Metallurgical Coal	**2,000**	2,000	2,000	1,000	2,000
Number of employees – Coal – Thermal Coal South Africa	**4,600**	5,000	5,000	8,000	8,000
Number of employees – Nickel	**1,400**	1,000	1,000	1,000	2,000
Number of employees – Crop Nutrients[12]	**300**	n/a	n/a	n/a	n/a
Number of employees – Corporate and Other	**2,300**	2,000	1,000	1,000	3,000

(1) Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2020, 2019 and 2018, data excludes De Beers' joint operations in Namibia and Botswana. Prior years' data includes De Beers' joint operations in Namibia and Botswana. See page 101 of the Anglo American plc Sustainability Report 2020 for the full list of entities within the reporting scope. Divested businesses are included up until the point of divestment.
(2) See pages 244-245 for definitions and basis of calculation.
(3) Average number of employees, excluding contractors and associates' and joint ventures' employees, and including a share of employees within joint operations.
(4) Female representation within the Group Management Committee and those reporting to the committee.
(5) Historically Disadvantaged South African employees within bands seven and above divided by the total number of South African employees in bands seven and above.
(6) The number of people who resigned as a percentage of the total work force excluding contractors.
(7) The number of people who have been retrenched as a percentage of total work force excluding contractors.
(8) The number of people who have been dismissed or have resigned to avoid dismissal, as a percentage of total work force excluding contractors.
(9) The number of people who left for reasons other than those shown above, for example retirement, ill health and death, as a percentage of total work force excluding contractors.
(10) CSI spend is the sum of donations for charitable purposes and community investment (which includes cash and in-kind donations and staff time) as well as investments in commercial initiatives with public benefit (such as enterprise development). Included within the CSI expenditure figure for 2020 is expenditure relating to Zimele of $4.9 million (2019: $4.2 million).
(11) Figures are presented on a cumulative basis since 2008.
(12) Data for Quellaveco prior to 2019 is not presented as the project only reached a full year of development in 2019. Comparative data for Crop Nutrients is not presented as the acquisition of Sirius Minerals Plc was completed in 2020.
(13) Scope 1 and 2 emissions from UK-based entities amounted to 0.02 million GJ in 2020. Energy use from UK-based entities amounted to 69,853,486 kWh in 2020.

Disclosures related to the recommendations of the TCFD

Anglo American's response to the risks posed by climate change is multi-disciplinary and is covered throughout our reporting suite – from the Integrated Annual Report to Climate change: our plans, policies and progress, published in 2017 and revised in 2019.

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.	*Climate change: Our plans, policies and progress (2017)*, page 7. *Climate change, Integrated Annual Report 2020*, pages 37 and 55.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	*Climate change: Our plans, policies and progress (2017)*, page 7. *Our material matters, Integrated Annual Report 2020*, pages 14-15, and pages 52-55.

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.	*CDP Climate Response 2020, question 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: Our plans, policies and progress (2019)*, page 20 *CDP Climate Response 2020, question CC2 Risks and opportunities.* *Sustainability Report 2020*, pages 41-42.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have conducted a qualitative scenario analysis included in: *Climate change: Our plans, policies and progress (2017)*, pages 12-15. We have undertaken a quantitative scenario analysis included in: *Climate change: Our plans, policies and progress (2019)*, pages 10-20.

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: Our plans, policies and progress (2017)*, pages 4 and 7. *CDP Climate Response 2020*, question CC2.2, processes for identifying and assessing climate-related risks.
b) Describe the organisation's processes for managing climate-related risks.	*CDP Climate Response 2020*, questions CC2.1, CC2.2 and CC2.3.
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	*Climate change: Our plans, policies and progress (2017)*, page 7. *CDP Climate Response 2020*, questions CC2.1, CC2.2 and CC2.3.

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.	*CDP Climate Response 2020*, questions CC2.2a, CC2.3a, CC2.4a and CC11.3a.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks.	*Sustainability Report 2020*, page 44 and data table page 103. *Integrated Annual Report 2020*, pages 37, 52-55 and 256.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	*Integrated Annual Report 2020*, page 37.

Directors' report

This section includes certain disclosures which are required by law to be included in the Directors' report.

In accordance with the Companies Act 2006 (Companies Act), the following items have been reported in other sections of the Integrated Annual Report and are included in this Directors' report by reference:

- Details of the directors of the Company can be found on pages 100-103
- Directors' interests in shares at 31 December 2020 and any changes thereafter, can be found on page 142 of the directors' remuneration report
- Events occurring after the end of the year are set out in note 29 to the financial statements on page 204
- The Strategic Report on pages 2-96 gives a fair review of the business and an indication of likely future developments and fulfils the requirements set out in section 414C of the Companies Act
- Details of the Group's governance arrangements and its compliance with the UK Corporate Governance Code (the Code) can be found on pages 98-147
- Comprehensive details of the Group's approach to financial risk management are given in note 23 to the financial statements on pages 192-194
- The Group's disclosure of its greenhouse gas emissions can be found on page 37. The Group's Streamlined Energy and Carbon Reporting (SECR) disclosures can be found on page 257
- Details of employee engagement can be found on pages 43-49 and 112
- Details of stakeholder engagement can be found on pages 13, 18 and 112-113.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial review on pages 62-65. Further details of our policy on financial risk management are set out in note 23 to the financial statements on pages 192-194. The Group's net debt (including related hedges) at 31 December 2020 was $5.6 billion (2019: $4.6 billion), representing a gearing level of 15% (2019: 13%). The Group's liquidity position (defined as cash and undrawn committed facilities) of $17.5 billion at 31 December 2020 remains strong. Details of borrowings and facilities are set out in note 21 on page 187 and net debt is set out in note 20 on pages 185-186.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2022 under base and downside scenarios, with consideration given to the uncertainty of the impact of the Covid-19 pandemic on both the wider macro-economic environment, including demand for the Group's products and realised prices, and the Group's operations, including production levels. In all of the scenarios modelled, the Group maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Dividends

An interim dividend of 28 US cents per ordinary share was paid on 25 September 2020. The directors are recommending that a final dividend of 72 US cents per ordinary share be paid on 7 May 2021 to ordinary shareholders on the register at the close of business on 19 March 2021, subject to shareholder approval at the AGM to be held on 5 May 2021. This would bring the total dividend in respect of 2020 to US$1.00 per ordinary share. In accordance with the International Financial Reporting Standards (IFRS), the final dividend will be accounted for in the financial statements for the year ended 31 December 2021.

The Anglo American Employee Benefit Trust (EBT) holds shares to facilitate the operation of certain of the Group's share option and share incentive schemes (share plans). The EBT has waived the right to receive dividends on shares held on behalf of share plans participants employed by the Group in countries other than the UK and South Africa.

Share capital

The Company's issued share capital as at 31 December 2020, together with details of share allotments and issue of treasury shares during the year, is set out in note 24 on page 195.

Significant shareholdings

The Company has been notified of the following significant shareholdings:

Company	Number of shares	Percentage of voting rights
Public Investment Corporation	93,551,783	6.86
BlackRock Inc	84,968,927	6.05
Coronation Asset Management (Pty) Ltd	41,280,874	3.03
Tarl Investment Holdings (RF) Proprietary Limited[1]	47,275,613	3.37
Epoch Two Investment Holdings (RF) Proprietary Limited[1]	42,166,686	3.01

[1] Epoch Two Investment Holdings (RF) Proprietary Limited (Epoch 2) and Tarl Investment Holdings (RF) Proprietary Limited (Tarl) are two of the independent companies that have purchased shares as part of Anglo American's 2006 share buyback programme. Epoch 2 and Tarl have waived their right to vote all the shares they hold, or will hold, in Anglo American plc.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by the Group	See note 4, page 166
9.8.4(2)	Unaudited financial information (LR 9.2.18)	None
9.8.4(4)	Long term incentive scheme only involving a director (LR 9.4.3)	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waivers of future emoluments	None
9.8.4(7)	Non pro rata allotments for cash (issuer)	Treasury shares have been issued pursuant to the exercise of options awarded under shareholder approved schemes
9.8.4(8)	Non pro rata allotments for cash (major subsidiaries)	None
9.8.4(9)	Listed company is a subsidiary of another company	Not applicable
9.8.4(10)	Contracts of significance involving a director	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	Not applicable
9.8.4(12)	Waivers of dividends	See 'Dividends' paragraph on this page
9.8.4(13)	Waivers of future dividends	See 'Dividends' paragraph on this page
9.8.4(14)	Agreement with a controlling shareholding LR 9.2.2AR(2)(a)	Not applicable

Sustainable development

The Sustainability Report 2020 is published on the Group's website on 8 March 2021.

This report focuses on the safety, health, sustainable development and environmental performance of the Group's managed operations, its performance with regard to the Group's Code of Conduct, and the operational dimensions of its social programmes.

Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware, that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Employment and other policies

The Group's key operating businesses are empowered to manage within the context of the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's Code of Conduct. Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- Adherence to national legal standards on employment and workplace rights at all times
- Adherence to the International Labour Organization's core labour rights, including: prohibition of child labour; prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse; recognition of the right of our employees to freedom of association and the promotion of workplace equality; and the elimination of all forms of unfair discrimination
- Continual promotion of safe and healthy working practices
- Provision of opportunities for employees to enhance their work related skills and capabilities
- Adoption of fair and appropriate procedures for determining terms and conditions of employment.

It is the Group's policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. We endeavour to retain the employment of, and arrange suitable retraining, for any employees in the workforce who become disabled during their employment. Where possible we will adjust a person's working environment to enable them to stay in our employment.

The Group promotes an inclusive and diverse environment where every colleague is valued and respected for who they are, and has the opportunity to fulfil their potential. The Group is focused on providing a workplace where everyone can thrive and has introduced a number of Groupwide policies to encourage this. The Group's inclusion and diversity policy reflects its commitment as a signatory to the United Nations Global Compact and is aligned both to the labour rights principles set out in the International Labour Organization core conventions and with the United Nations Sustainable Development Goals. The Group has also introduced a bullying, harassment and victimisation policy which clearly states its zero tolerance to such behaviours along with the agreement for a Groupwide flexible working policy.

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The Anglo American Code of Conduct is supported by an underlying framework of policies and procedures which provide specific guidance to employees on the behaviour required to reinforce the Group's values and uphold the Group's specific commitments to prioritise safety, health and the environment; treat people with care and respect, conduct business with integrity and protect its physical assets and information. The Code of Conduct and accompanying policies can be accessed via the Group's website.

In addition to meeting legal requirements, all Anglo American suppliers must adhere to the Responsible Sourcing Standard for Suppliers, which is available on the Group's website and referenced in contracts.

The Business Integrity Policy and associated 11 Prevention of Corruption Procedures set out the Group's anti-bribery and corruption commitment by clearly stating that the Group will neither give nor accept bribes, nor permit others to do so in its name. The policy sets out the standards of conduct required at every level within Anglo American, including subsidiaries, joint ventures and associates, on the part of those with which the Group does business and those who work on the Group's behalf, in combating corrupt behaviour of all types.

The policy and procedures have been translated into the main languages that are used across the Group's operations. A dedicated team, operating within a broader risk management and business assurance team oversees the implementation of the Code of Conduct and Business Integrity Policy. They work with the Group legal function, senior managers in the business units and corporate functions; and provide guidance and support with the implementation and monitoring of said procedures, managing and identifying bribery and corruption risks and provide online and face-to-face training for relevant employees, including those in high-risk roles. The internal audit team regularly provide assurance on the effectiveness of the anti-bribery and corruption controls that support adherence to the policy and associated procedures.

The Group's whistleblowing facility YourVoice is available to employees and external stakeholders to confidentially report concerns including business integrity, ethical, legal, supplier relationship, safety and health, and human resources issues.

The Group has an intranet called Eureka! and an employee app called Engage, launched in 2020, which help employees to connect, communicate and collaborate more effectively.

Political donations

No political donations were made during 2020. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Additional information for shareholders

Set out below is a summary of certain provisions of the Company's current Articles and applicable English law concerning companies (the Companies Act) required as a result of the implementation of the Takeover Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may, by ordinary resolution, from time to time declare final dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all, or any part of any dividends or other monies payable in respect of the Company's shares, from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the shares are set out in the Articles.

The Articles may only be changed by a special resolution passed by the shareholders.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. Where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

Restrictions on voting
No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting, or to exercise any other right conferred by membership in relation to shareholders' meetings, if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Issue of shares
Subject to the provisions of the Companies Act relating to authority and pre-emption rights and of any resolution of the Company in a UK general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot, grant options over, or otherwise dispose of them to such persons at such times, and on such terms, as they think proper.

Shares in uncertificated form
Any share or class of shares of the Company may be issued or held (including any shares or class of shares held on the South African Branch Register or any other overseas branch register of the members of the Company) on such terms, or in such a way, that: title to it or them is not, or must not be, evidenced by a certificate; or it or they may or must be transferred wholly or partly without a certificate. The directors have power to take such steps as they think fit in relation to: the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares); any records relating to the holding of uncertificated shares; the conversion of certificated shares into uncertificated shares; or the conversion of uncertificated shares into certificated shares. The Company may by notice to the holder of a share require that share: if it is uncertificated, to be converted into certificated form; and if it is certificated, to be converted into uncertificated form, to enable it to be dealt with in accordance with the Articles.

If: the Articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares; and uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument, the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares. The directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it. This may include converting such share to certificated form. Unless the directors resolve otherwise, shares which a member holds in uncertificated form must be treated as separate holdings from any shares which that member holds in certificated form. A class of shares must not be treated as two classes simply because some shares of that class are held in certificated form and others are held in uncertificated form.

Deadlines for exercising voting rights
Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights
Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding, or representing by proxy, at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Transfer of shares
All transfers of shares that are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by, or on behalf of, the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of shareholders. All transfers of shares registered on the main register of members that are in uncertificated form may be effected by means of the CREST system. All transfers of uncertified shares registered on the branch register of members in South Africa may be effected via the Transfer Secretary.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it:

(a) is in respect of only one class of share

(b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

The directors may decline to register any transfer of shares in certificated form unless: the instrument of transfer is in respect of only one class of share; the instrument of transfer is lodged (duly stamped if required) at the Transfer Office accompanied by the relevant share certificate(s) or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so; and it is fully paid. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

If the directors refuse to register an allotment or transfer, they shall send the refusal to the allottee or the transferee within two months after the date on which the letter of allotment or transfer was lodged with the Company.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Directors
Directors shall not be fewer than 5 nor more than 18 in number. A director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of directors.

Powers of directors
Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

The Company may by ordinary resolution declare dividends, but no dividend shall be payable in excess of the amount recommended by the directors.

Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the directors may determine. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him/her to the Company on account of calls or otherwise in relation to shares of the Company. The directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Appointment and replacement of directors
The directors may from time to time appoint one or more directors. The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next AGM and shall then be eligible for election.

The Articles provide that at each AGM all those directors who have been in office for three years or more since their election, or last re-election, shall retire from office. In addition, a director may at any AGM retire from office and stand for re-election. However, in accordance with the Code, all directors will be subject to annual re-election.

Stock Exchange Listings

The Company's ordinary shares are listed on the London Stock Exchange (the primary listing), the JSE Limited, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange.

Significant agreements: change of control

At 31 December 2020, Anglo American had committed bilateral and syndicated borrowing facilities totalling $7.7 billion with a number of relationship banks which contain change of control clauses. $8.6 billion of the Group's bond issues also contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

In the ordinary course of its business the Group's subsidiaries enter into a number of other commercial agreements, some of which would alter or terminate upon a change of control of the Company. None of these are considered by the Group to be significant to the Group as a whole.

Purchases of own shares

At the AGM held on 5 May 2020, authority was given for the Company to purchase, in the market, up to 204.7 million ordinary shares of $54^{86}/_{91}$ US cents each. This authority will expire at the 2021 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

On 25 July 2019, the Company announced its intention to return up to $1 billion to shareholders through an on-market irrevocable and non-discretionary share buyback programme (the 'Programme'). The Programme started in July 2019 and ended in March 2020. This additional return recognises the resilience of the Company's balance sheet, and the Board's confidence in funding the Company's portfolio of highly attractive near and medium term growth opportunities. The Programme returned to shareholders a total of $0.8 billion in 2019 and $0.2 billion in 2020, with the programme having concluded on 2 March 2020.

Details of the shares repurchased and subsequently cancelled under the Programme during the financial period are set out below. Further details can be found on the Group's website at: **www.angloamerican.com/investors/shareholder-information/share-purchase-transactions**

Number of ordinary shares of $54^{86}/_{91}$ US cents repurchased	Aggregate consideration paid	Average price paid per share inclusive of transaction costs	% of share capital the repurchased shares represented at 31 December 2020
8,484,319	$224,343,780	$26.44	0.62%

Indemnities

To the extent permitted by law and the Articles, the Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year, which remain in force at the date of this report. Copies of these indemnities are open for inspection at the Company's registered office. Given the current circumstances, copies of the indemnities will be available to members for inspection on request. Requests should be sent by email to Cosec.Admin@angloamerican.com.

By order of the Board

Richard Price
Group General Counsel and Company Secretary
24 February 2021

Shareholder information

Annual General Meeting

This will be held at 14:30 on Wednesday, 5 May 2021, at 20 Carlton House Terrace, London SW1Y 5AN.

Shareholding enquiries

Enquiries relating to shareholdings should be made to the Company's UK Registrars, Equiniti, or the South African Transfer Secretaries, Computershare Investor Services (Pty) Limited, at the relevant address below:

UK Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
England

Telephone:
In the UK: 0371 384 2026
From overseas: +44 (0) 121 415 7558

Transfer Secretaries in South Africa

Computershare Investor Services (Pty) Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196, South Africa
Private Bag X9000, Saxonwold, 2132, South Africa

Telephone: +27 (0) 11 370 5000
Fax: +27 (0) 11 688 5238

Enquiries on other matters should be addressed to the company secretary at the following address:

Registered and Head Office

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Telephone: +44 (0) 20 7968 8888
Fax: +44 (0) 20 7968 8500
Registered number: 03564138

www.angloamerican.com
CoSec.Admin@angloamerican.com
On the Investors section of the Group website a whole range of useful information for shareholders can be found, including:

- Investor calendar
- Share price and tools
- Dividend information
- AGM information
- FAQs.

Electronic communication

Shareholders may elect to receive, electronically, notification of the availability on the Group's website of future shareholder correspondence, e.g. Integrated Annual Reports and Notices of AGMs.

By registering for this service, UK shareholders can also vote online in respect of future AGMs and access information on their shareholding including, for example, dividend payment history, sales and purchases and indicative share prices. In order to register for these services, UK shareholders should contact the UK Registrars or log on to **www.shareview.co.uk** and follow the on-screen instructions. It will be necessary to have a shareholder reference number when registering, which is shown on share certificates, dividend tax vouchers and proxy cards.

Dividends

Dividends are declared and paid in US dollars to shareholders with registered addresses in all countries except the UK, eurozone countries and South Africa where they are paid in sterling, euros and South African rand respectively. Shareholders outside South Africa may elect to receive their dividends in US dollars.

Shareholders with bank accounts in the UK or South Africa can have their cash dividends credited directly to their own accounts. Shareholders should contact the relevant Registrar or Transfer Secretary to make use of this facility. South African branch register shareholders would need South African exchange control approval to mandate their dividends to an account outside South Africa.

The Company operates a dividend reinvestment plan (DRIP), which enables shareholders to reinvest their cash dividends into purchasing Anglo American shares. Details of the DRIP and how to join are available from Anglo American's UK Registrars and South African Transfer Secretaries and on the Group's website.

ShareGift

The Company supports ShareGift, the charity share donation scheme administered by The Orr Mackintosh Foundation (registered charity number 1052686). Through ShareGift, shareholders with very small numbers of shares which might be considered uneconomic to sell are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of charities. For those shareholders who wish to use ShareGift, transfer forms are available from the Registrars and further details of the scheme can be found on the website **www.sharegift.org**.

Share dealing service

Telephone, internet and postal share dealing services have been arranged through Equiniti, providing a simple way for European residents to buy or sell Anglo American shares. For telephone transactions call 0345 603 7037 during normal office hours and for internet dealing log on to **www.shareview.co.uk/dealing**. You will need your shareholder reference number, found on share certificates, dividend tax vouchers and proxy cards. For further details on the postal dealing service call 0371 384 2248 (or +44 (0) 121 415 7172 from overseas).

Unsolicited mail

Under the Companies Act, the Company is obliged to make the share register available upon request on payment of the appropriate fee. Because of this, some shareholders may receive unsolicited mail. If you wish to limit the receipt of addressed marketing mail you can register with the Mailing Preference Service (MPS). The quickest way to register with the MPS is via the website: **www.mpsonline.org.uk**. Alternatively you can register by telephone on: 020 7291 3310, or by email to: mps@dma.org.uk, or by writing to MPS Freepost LON20771, London W1E 0ZT.

Other Anglo American publications

- Sustainability Report
- Ore Reserves and Mineral Resources Report
- Tax and Economic Contribution Report
- Transformation Report
- Our Code of Conduct
- The Safety, Health and Environment (SHE) Way
- The Social Way
- The Socio-Economic Assessment Toolbox (SEAT)
- Notice of 2021 AGM
- www.facebook.com/angloamerican
- www.twitter.com/angloamerican
- www.linkedin.com/company/anglo-american
- www.youtube.com/angloamerican
- www.flickr.com/angloamerican
- www.slideshare.com/angloamerican

Financial and other reports may be found at:
www.angloamerican.com/reporting

A printed copy of the Anglo American Integrated Annual Report can be ordered online at:
www.angloamerican.com/site-services/contact-us

Strategic partners

Anglo American works in partnership with a wide range of organisations; these important relationships form part of the Group's commitments to a wide range of key sustainability and other societal objectives. A selection of the organisations we work with can be found on our website: www.angloamerican.com/approach-and-policies.

Group terminology

In this document, references to 'Anglo American', the 'Anglo American Group', the 'Group', 'we', 'us', and 'our' are to refer to either Anglo American plc and its subsidiaries and/or those who work for them generally, or where it is not necessary to refer to a particular entity, entities or persons. The use of those generic terms herein is for convenience only, and is in no way indicative of how the Anglo American Group or any entity within it is structured, managed or controlled. Anglo American subsidiaries, and their management, are responsible for their own day-to-day operations, including but not limited to securing and maintaining all relevant licences and permits, operational adaptation and implementation of Group policies, management, training and any applicable local grievance mechanisms. Anglo American produces Groupwide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day to day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses.

Forward-looking statements and third-party information

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Anglo American's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserves and Mineral Resource estimates) and environmental, social and corporate governance goals and aspirations, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, safety, health or environmental incidents, the effects of global pandemics and outbreaks of infectious diseases, the outcome of litigation or regulatory proceedings, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transportation infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by courts, regulators and governmental authorities such as in relation to permitting or forcing closure of mines and ceasing of operations or maintenance of Anglo American's assets and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in the section of this document titled 'Managing Risk Effectively'. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements.

These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers, the UK Listing Rules, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in this document should be interpreted to mean that future earnings per share of Anglo American will necessarily match or exceed its historical published earnings per share.

Certain statistical and other information about Anglo American included in this document is sourced from publicly available third-party sources. As such, it has not been independently verified and presents the views of those third parties, though these may not necessarily correspond to the views held by Anglo American and Anglo American expressly disclaims any responsibility for, or liability in respect of, such information.

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