Integrated Annual Report 2021

AngloAmerican

Re-imagining mining to improve people's lives

Transforming the very nature of mining for a safer, smarter, more sustainable 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 communities and ultimately for billions of people around the world who depend on our products every day.

Group performance

Revenue

$41.6 bn

2021	$41.6 bn
2020	$25.4 bn

Underlying EBITDA◊

$20.6 bn

2021	$20.6 bn
2020	$9.8 bn

Operating profit

$17.6 bn

2021	$17.6 bn
2020	$5.6 bn

Underlying earnings per share◊

$7.22

2021	$7.22
2020	$2.53

Profit attributable to equity shareholders

$8.6 bn

2021	$8.6 bn
2020	$2.1bn

Net debt◊

$3.8 bn

2021	$3.8 bn
2020	$5.5 bn

Total dividends per share

$4.19

2021	$4.19
2020	$1.00

Attributable free cash flow◊

$7.8 bn

2021	$7.8 bn
2020	$1.2 bn

Group attributable ROCE◊

43%

2021	43%
2020	17%

Number of fatalities

1

2021	1
2020	2

Total recordable case frequency rate (TRCFR)

2.24

2021	2.24
2020	2.14

Level 4-5 environmental incidents

0

2021	0
2020	0

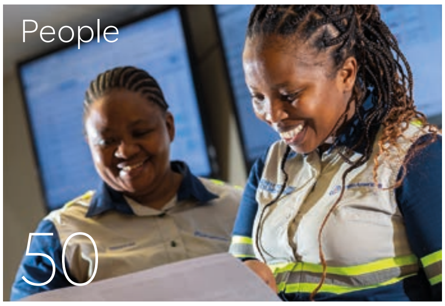
◊ Alternative Performance Measures

Words with this symbol ◊ are defined in the Alternative Performance Measures section of the Integrated Annual Report on pages 270 to 275.

Cover image

At our Sakatti polymetallic project in northern Finland, women make up 43% of the workforce. Featured is safety, health and environment (SHE) field co-ordinator Liisa Kropsu during winter drilling activities.

Contents



Basis of reporting
The Anglo American plc Integrated Annual Report for the year ended 31 December 2021 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 270–275, 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 tonnes, '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 references to the Anglo American Group, forward-looking statements and third-party information. For information regarding the Anglo American Group, forward-looking statements and such third-party information, please refer to the IBC of this document.

Non-financial information disclosures
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 Collahuasi and Samancor, nor does it include De Beers' non-managed joint operations in Namibia and Botswana, unless specifically stipulated.

We comply with all relevant non-financial reporting requirements, including those contained in sections 414CA and 414CB of the Companies Act 2006; the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD); and the Streamlined Energy and Carbon Reporting (SECR) rules. The tables on pages 101–104 are intended to guide stakeholders to where the relevant non-financial information is included within our Strategic Report and other externally available Anglo American plc publications.

Our reporting suite

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

→ **For more information, visit:**
www.angloamerican.com/investors/annual-reporting

Social channels

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angloamericanplc

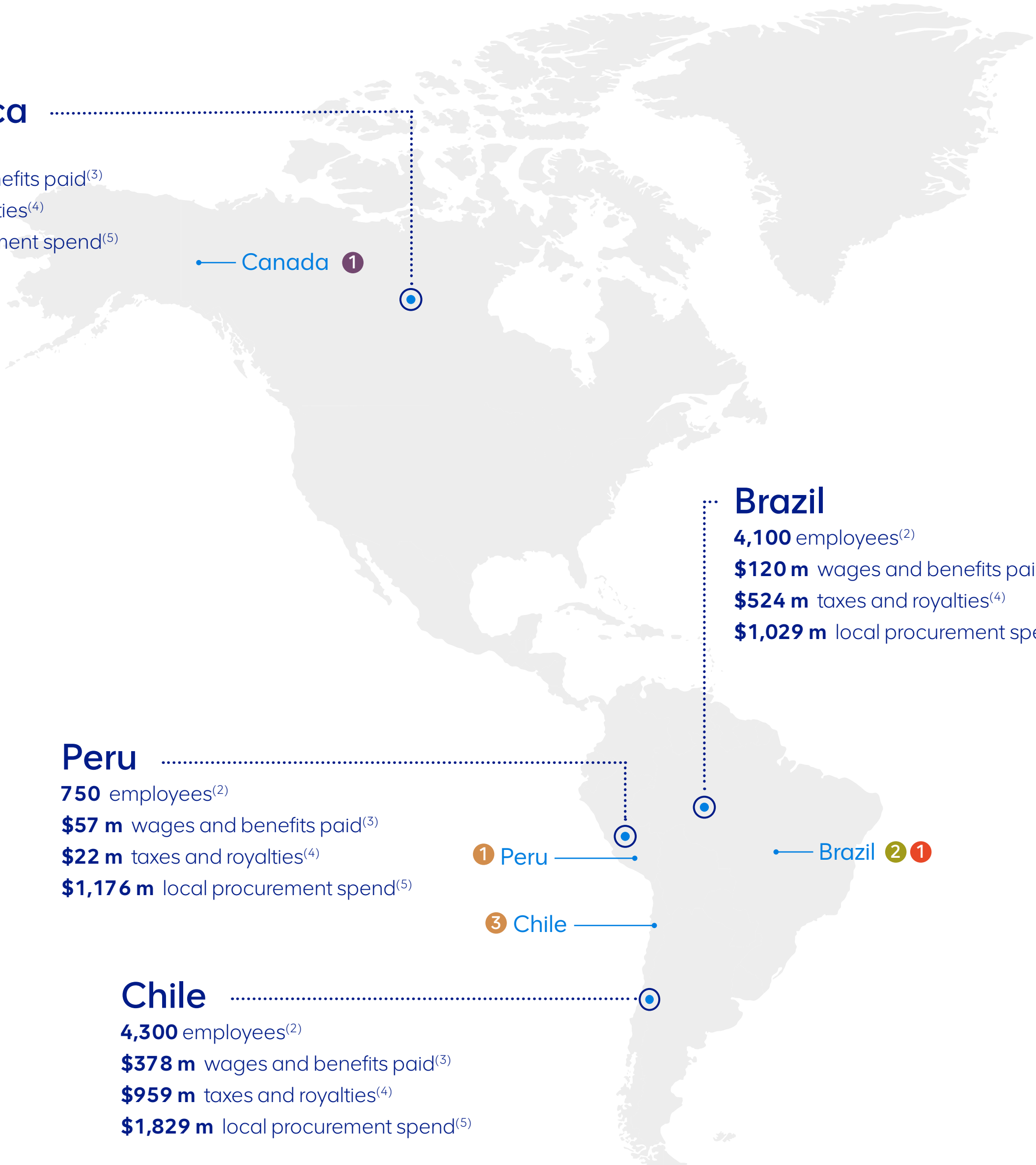
Our business at a glance

Anglo American is a leading global mining company, with a world class portfolio of mining and processing operations and undeveloped resources, with more than 106,000 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/tec-report-2021

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



North America
800 employees(2)
$69 m wages and benefits paid(3)
$42 m taxes and royalties(4)
$112 m local procurement spend(5)

Brazil
4,100 employees(2)
$120 m wages and benefits paid(3)
$524 m taxes and royalties(4)
$1,029 m local procurement spend(5)

Peru
750 employees(2)
$57 m wages and benefits paid(3)
$22 m taxes and royalties(4)
$1,176 m local procurement spend(5)

Chile
4,300 employees(2)
$378 m wages and benefits paid(3)
$959 m taxes and royalties(4)
$1,829 m local procurement spend(5)

Product groups*
- Diamonds
- Copper
- Nickel
- Platinum Group Metals
- Iron Ore
- Metallurgical Coal
- Manganese
- Crop Nutrients

* Number within dot denotes number of operations, shown by product.

Base Metals

Diamonds
$1,100 million
Underlying EBITDA◊

5%
Group underlying EBITDA◊

32.3 Mct
Production (100% basis)(1)

Copper
$4,011 million
Underlying EBITDA◊

19%
Group underlying EBITDA◊

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

647 kt
Production

Nickel
$320 million
Underlying EBITDA◊

2%
Group underlying EBITDA◊

41.7 kt
Production: Nickel

PGMs
$7,099 million
Underlying EBITDA◊

34%
Group underlying EBITDA◊

4,299 koz
Production: PGMs

Bulk Commodities

Iron Ore
$6,871 million
Underlying EBITDA◊

33%
Group underlying EBITDA◊

40.9 Mt
Production: Iron ore – Kumba

22.9 Mt
Production: Iron ore – Minas-Rio

Metallurgical Coal
$962 million
Underlying EBITDA◊

5%
Group underlying EBITDA◊

14.9 Mt
Production: Metallurgical

Manganese
$315 million
Underlying EBITDA◊

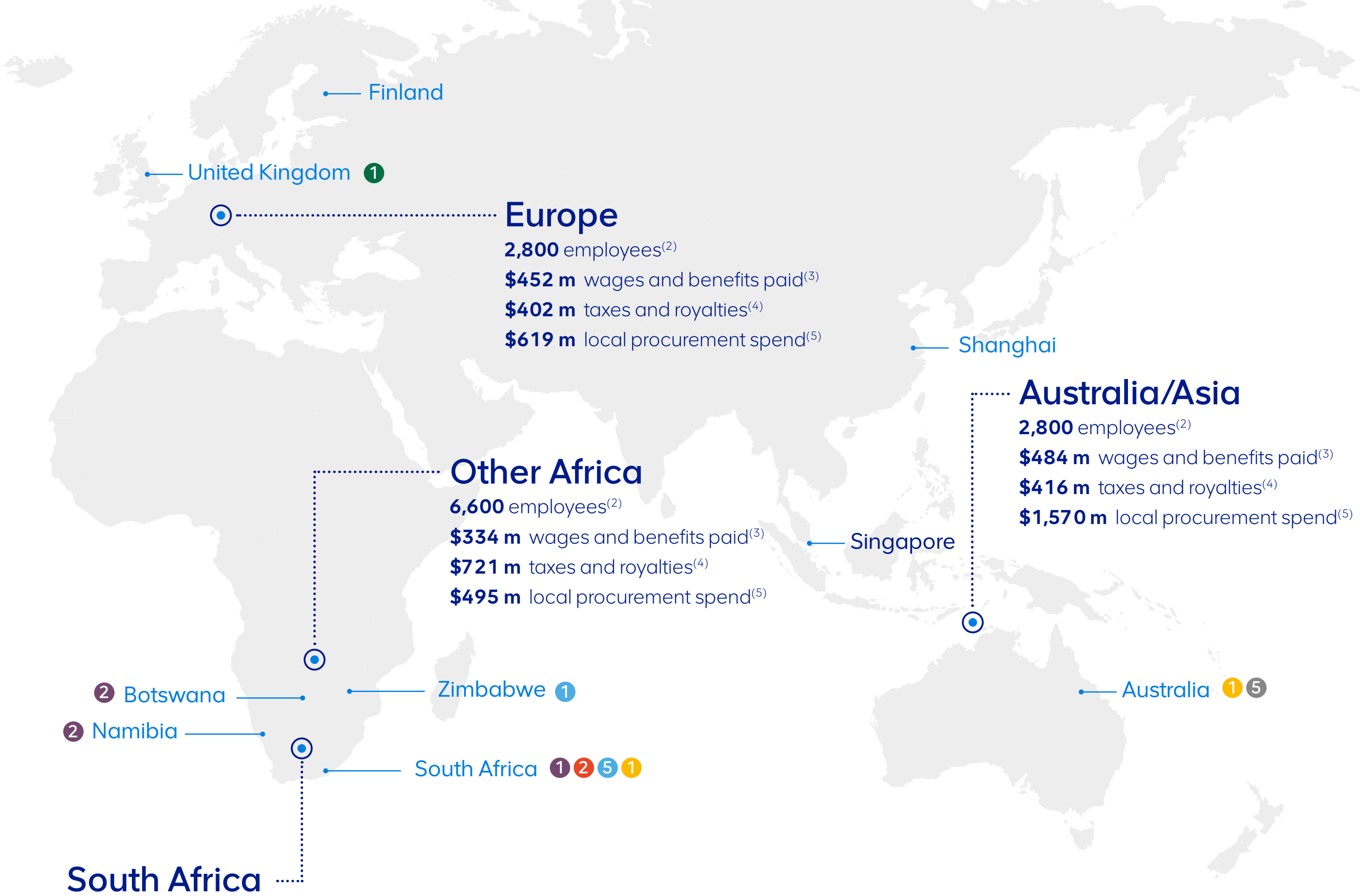
3.7 Mt
Production: Manganese ore

Crop Nutrients
$(41) million
Underlying EBITDA◊

Woodsmith is a greenfield project

Corporate and other
$(3) million
Underlying EBITDA◊

→ More detailed information and maps can be found in the business unit reviews
See pages 76–100



Europe
2,800 employees(2)
$452 m wages and benefits paid(3)
$402 m taxes and royalties(4)
$619 m local procurement spend(5)

Australia/Asia
2,800 employees(2)
$484 m wages and benefits paid(3)
$416 m taxes and royalties(4)
$1,570 m local procurement spend(5)

Other Africa
6,600 employees(2)
$334 m wages and benefits paid(3)
$721 m taxes and royalties(4)
$495 m local procurement spend(5)

South Africa
41,450 employees(2)
$1,813 m wages and benefits paid(3)
$4,049 m taxes and royalties(4)
$3,148 m local procurement spend(5)

See page 101 for footnotes.

"We have a critical role to supply many of the metals and minerals essential to decarbonise energy and transport, and to do so responsibly."

Re-imagining mining to improve people's lives

That responsibility includes supporting a 'Just Transition', helping to create environmentally and socially sustainable jobs that are consistent with addressing the most urgent issue of climate change.

In another year of Covid-19 related uncertainties, Anglo American performed strongly, doing our utmost to keep people safe and healthy while sustaining operations near capacity and keeping our major capital projects on track. We also made further headway in transitioning our portfolio towards those products that are essential for a low carbon future and that support a growing global consumer population, including by exiting our thermal coal operations.

Safety

We continue to pay unremitting attention to safety. Notably, there were no fatal incidents anywhere in the Group for a period of 11 months to August when, regrettably, we lost one colleague at our major development project in Peru. A death is a terrible loss for family, friends and colleagues and we will continue to increase our efforts to keep everyone safe.

Disappointingly, we saw the key indicator of the injury rate plateau after many years of progressive improvement, highlighting the work we still need to do to reach zero harm, particularly as we learn to live with Covid-19 at our operations. One of the things that is demonstrably making a difference is our Elimination of Fatalities programme. We are putting increased resources behind that, and I am encouraged by its headway. Through this work, we are gaining a better understanding of how serious incidents happen, helping us to prioritise actions to eliminate risk at the workplace, as well as travelling to and from work.

Helping our people through Covid-19

We have continued to help protect our people and host communities from the ongoing impacts of Covid-19. Through our comprehensive WeCare response programme, we support the physical and mental health of those who work for us, while also ensuring we can still provide the wide range of essential services on which many of our host communities rely.

As vaccines were approved during the first half of the year, we made available $30 million of support towards the global roll-out of Covid-19 vaccines across our operational footprint. Our own efforts to vaccinate our workforce in South Africa – representing almost half of our global employees – through our established health infrastructure and to support the government's vaccination programme, have proven vital in boosting protection from the virus. Looking beyond the pandemic, we also made a special contribution of $100 million to the Anglo American Foundation to fund longer term health, social and environmental projects in our host communities and countries of operation.

Sustainable mining

Climate change is the defining challenge of our time, and Anglo American is committed to playing its part in addressing it, across our value chain. Our Sustainable Mining Plan includes commitments to be a leader in environmental stewardship. It already embraces a holistic set of ambitious goals, which are aligned to the UN's Sustainable Development Goals (SDGs).

By 2030, we have goals to reduce GHG emissions (Scopes 1 and 2) by 30% against a 2016 baseline; improve energy efficiency by 30%; achieve a 50% net reduction in freshwater abstraction in water scarce areas; and deliver net-positive impacts in biodiversity wherever we operate. To these targets, we added a target to be carbon neutral across our operations by 2040 and, last year, our ambition to reduce our Scope 3 emissions by 50%, also by 2040.

We are making good progress towards these goals, as detailed in our Climate Change Report and Sustainability Report.

In tune with our Purpose of re-imagining mining to improve people's lives, we set out some years ago a very different future for mining that we refer to as FutureSmart Mining™. This integrated approach to technology and digitalisation is designed to deliver a broad range of sustainability outcomes, including across the three pillars of environment, social and governance (ESG). This work spans many of our physical mining processes, acting as a catalyst for self-sustaining regional economic activity and advocating for policies that support decarbonisation and ethical sourcing of raw materials, as examples.

Portfolio and performance

Our portfolio of assets is ever more focused on the materials that will enable both the move to a lower carbon economy and meeting demand from the world's growing consumer population.

Our Quellaveco copper mine in Peru is on schedule for commissioning in mid-2022 and will boost our supply of one of the modern world's most-needed energy-transition metals. Meanwhile, construction of the Woodsmith fertiliser project in the UK is progressing while we finalise its design configuration to suit Anglo American's greater ambitions for the asset over the long term.

In June, we demerged to our shareholders our thermal coal operations in South Africa and we finalised our exit from thermal coal production operations in January 2022, upon completing the sale of our minority shareholding in Cerrejón, in Colombia.

Today, Anglo American has one of the industry's most compelling organic growth profiles – volume growth of 35%[6] over the coming decade – across the diversified mix of metals and minerals that are required for a transition to a cleaner, greener world.

For 2021, we saw strong demand and prices for many of our products as economies recovered from the widespread disruption of 2020, though with some faltering in the second half as labour shortages led to supply chain issues and, in turn, slower growth, most notably in China. At the same time, energy and fuel prices have surged, contributing to the highest inflation rates we have seen in the major economies for more than a decade.

Improved operational performances at PGMs, De Beers and Iron Ore contributed to a 5% production increase, while acknowledging some weakness in the comparatives for Metallurgical Coal and PGMs in 2020. Combined with strong prices, we delivered a record financial performance in 2021, generating underlying EBITDA of $20.6 billion.

The Board has recommended a final dividend of $1.18 per share, in line with our 40% of underlying earnings payout policy, and a further special dividend of 50 cents per share, bringing total dividends for the year, including the special dividend paid in September, to $4.19 per share. Combined with our $1 billion share buyback programme, our total cash return to shareholders in respect of 2021 exceeds $6 billion. Anglo American's Total Shareholder Return (TSR) for the year was 35%, second amongst the UK-listed mining majors and almost double that of the FTSE 100 at 18%.

Governance

Today, ESG considerations could not be more mainstream but nor are they new to Anglo American. From our portfolio choices, to how we mine, process and transport our products and contribute more broadly to society, stakeholders' expectations of mining companies are rising. We welcome scrutiny and seek to ensure that all those who work for Anglo American have a clear understanding of the role the company plays and their role as individuals to live up to each of our Values, to embrace our culture and be guided by our Purpose.

Over the past few years, the Board has been engaging more closely with front-line employees. Our Global Workplace Advisory Panel held two meetings during the year and is proving valuable in promoting understanding of the interests of employees and directors alike, building on the range of other engagement mechanisms across the Group.

Our Board

We have significantly refreshed the composition of the Board to ensure we reflect an appropriate mix of skills, experience and diversity to suit the evolving nature of the business and the expectations of society. Succession planning for all directors is a critical and ongoing cycle of work.

As part of that renewal, there were several non-executive director changes during the year. Elisabeth Brinton joined the Board on 1 March 2021, followed by Hilary Maxson on 1 June, and Ian Tyler on 1 January 2022.

Anne Stevens and our senior independent director, Byron Grote, will step down from the Board at the next AGM in April 2022, having both served for nine years. On behalf of the Board, I thank them for their extensive contributions.

In 2021, we again took great care 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 the majority in a virtual environment. More information on the Board's discussions and decision making can be found on pages 117–119.

Chief executive succession

I would like to take this opportunity to pay tribute, on behalf of the Board but also personally, to Mark Cutifani, who will be stepping down as chief executive at the conclusion of the AGM in April 2022 after almost a decade at the helm. He is a truly inspiring and authentic leader who has led his executive team with distinction through thick and thin to transform Anglo American's performance and prospects, helping build a culture of self-belief and resilience. His legacy in the areas of safety, the power of engagement, and his determination to create a very different and sustainable future for mining, enabled through technology, deserves particular recognition.

Following a rigorous global process to identify Mark's successor, including those candidates on our internal succession plan, the Board concluded that Duncan Wanblad is the stand-out successor, bringing his 30 years of international mining experience and deep understanding of Anglo American, its culture and its context. Duncan has been integral to the reshaping of the company and is uniquely qualified to take Anglo American forward.

Thanks

I would like to thank all our employees, the senior management team and 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 2021 Strategic Report, from pages 2 to 104, was reviewed and approved by the Board on 23 February 2022.

Stuart Chambers
Chairman

See page 101 for footnotes.

A safer, smarter future for mining

Mining's critical contribution to modern life is ever clearer and we must ensure we are attuned to the health of our planet and the needs and expectations of society.

At Anglo American, our Purpose is to re-imagine mining to improve people's lives in a way that meets those expectations, while enhancing our competitiveness and opportunities to create enduring value for our shareholders and our diverse stakeholders.

As the pandemic evolves, we continue to do the right thing by our employees and our communities through our global WeCare response programme, focused on protecting both physical and mental health and lives and livelihoods. As vaccines became available during 2021, we volunteered $30 million of support towards their roll-out, in support of our host governments. And looking beyond the pandemic, we have donated $100 million to create a special endowment to support the incredible work of the Anglo American Foundation.

Safety and health

We understand that 'People are the business', and so we have no doubt about our most important priority: keeping our colleagues safe and well.

We continue to make progress in reducing fatal incidents and with our broader safety processes and procedures. Sadly, however, we still lost one colleague in a vehicle incident at our major project in Peru. Our total injury frequency rate also tracked up marginally, after multiple years of progressive improvement, reflecting the changed operating configurations necessary to manage Covid-19 that tend to disrupt planned work routines. The increase in the first half of the year reduced in the second half as we reinforced the importance of these new routines across the business.

On fatal incidents, our Elimination of Fatalities Taskforce has supported a 93% reduction in fatal incidents since 2013 and we have extended this work to our non-managed joint operations, as they reported three fatal incidents in the year. For us, every loss of life is a tragedy, and we will continue to mobilise our resources across the Group to support our zero harm imperative.

We also look beyond safety, working towards everyone being better off and healthier having worked for Anglo American. This drives our thinking and the commitment to quality of life and sustainable livelihoods across the company. Our work to tackle the scourge of gender based and domestic violence exemplifies our approach.

Our health focus remains on helping keep our people protected from Covid-19. In many ways, the pandemic has proven more challenging this year than last, particularly in those countries where vaccination roll-outs have been slower and uptake lower. We have provided significant monetary and other support to accelerate vaccination rates, including by using our own health facilities and encouraging vaccination at the earliest opportunity.

Financial performance

In a year of two distinct halves, we recorded strong demand and prices for many of our products as economies recouped lost ground, spurred by stimulus measures. Copper and the platinum group metals and premium quality iron ore for greener steelmaking, supported by an improving market for diamonds, all contributed to a record financial performance, generating underlying EBITDA of $20.6 billion.

We generated attributable free cash flow of $7.8 billion due largely to a strong price environment in the first half which moderated for many products in the second half. Our return on capital employed of 43% was well above our targeted 15% through-the-cycle return, as it should be in times of strong pricing. We are resolutely committed to capital discipline and to maintaining a strong and flexible balance sheet. At the end of 2021, net debt of $3.8 billion, or 0.2 x underlying EBITDA, reflects the strong cash generation of the business, partly offset by the growth investments we are making.

The proposed final dividend of $1.18 per share, in line with our 40% payout policy, in addition to a special dividend of $0.50 per share, will bring our total return to shareholders in respect of 2021 to $6.2 billion, including our share buyback, equal to $4.99 per share. Upon payment, Anglo American will have returned more than $12.3 billion to shareholders since 2017. On a relative basis, our strong TSR for the year of 35% almost doubled that of the FTSE100 index.

Operating performance

We continue to deliver significant operational improvements, through our Organisation and Operating models raising efficiency and productivity – and through the deployment of FutureSmart Mining™.

Improved operational performances, in PGMs, De Beers and Kumba (Iron Ore) in particular, contributed to a 5% volume increase – while recognising our operational challenges in PGMs and Metallurgical Coal in the prior year – supporting a 13-point increase of our mining EBITDA margin.

Since 2013, we have delivered $4.6 billion of annual underlying EBITDA improvement and we have increased our near term performance improvement target to $3.5–4.5 billion for the six-year period to 2023 as we accelerate the delivery of our P101 business improvement and technology programmes, and bringing our organic growth projects on stream.

Strategy: Portfolio

Anglo American offers an increasingly differentiated investment proposition centred around sustainable performance and high quality, responsible growth of 35%[(6)] over the next decade. First and foremost is our Quellaveco copper project in Peru, expected to come on stream in mid-2022, where we have also increased early production plans to create additional value.

The greater proportion of our output and investment capital is focused on what we call future-enabling products – with thermal coal moving out of the portfolio, replaced by growth in Copper, PGMs and Crop Nutrients. We are well positioned to run the business sustainably and – being disciplined with our capital – to grow production as a foundation for future returns.

Looking at the overall direction of our business and how we integrate the full breadth of sustainability considerations, our products are aligned with demand from an increasingly electrified and connected world: a greener world of renewable energy, the emerging hydrogen

"Together, we have transformed our company's competitive position and led the way towards a safer, smarter, more sustainable future that delivers enduring value for all our stakeholders, and our planet."

economy, and tighter emissions standards; more sustainable crop production; cleaner steel; and the infrastructure and consumer demands of a fast growing population.

Our sequence of organic growth opportunities is central to the long term sustainability of our business, and we will be agile and disciplined in assessing external opportunities to supplement that pipeline and that fit our future-enabling trajectory.

Strategy: Innovation

Our industry is on the cusp of significant change led by the accelerating pace of technological innovation. Digitalisation, artificial intelligence and automation are all opening up opportunities for safer, more productive, and environmentally and socially sustainable mining, embodied through our FutureSmart Mining™ programme. This is a future where we eliminate workplace fatalities, we radically improve our productivities and the way we use land, energy and water, and where our communities thrive – with better health, education and employment – long beyond the life of any mine.

FutureSmart Mining™ brings together step-change innovations in technology and digitalisation to drive targeted safety and sustainability outcomes, as set out in our Sustainable Mining Plan, and providing the foundations for ongoing business improvements.

Our Sustainable Mining Plan focuses on our three pillars of Healthy Environment, Thriving Communities, and Trusted Corporate Leader, each with three stretch goals that are deliberately ambitious and are designed to challenge us to lead and innovate. Our environmental commitments include a target of reaching carbon neutrality across our operations by 2040, and we have added our ambition to reduce our Scope 3 emissions by 50% in the same timeframe.

The transition to a low carbon world requires significant change, and while that change presents major opportunities for many, it presents risks and anxieties for others. We have a role in supporting host communities to thrive through and beyond this change. Together with our partners, we aim to be part of creating environmentally and socially sustainable jobs, sectors and economies in support of a 'Just Transition'.

Strategy: People

The modern mining industry that we are helping to shape places people even more at its heart. People are central to everything we do, and each individual has expectations of us. Workforce engagement is a priority for every leader at Anglo American and we strive to create safe, inclusive, and diverse workplaces that encourage high performance and innovative thinking. We know that for people to give their best, we need to understand their viewpoints and address any concerns they may raise about working for us.

A few years ago, we expanded our efforts through both listening to employees and adding their perspectives to the Board's deliberations on culture through our Global Workforce Advisory Panel. The Panel is made up of employees from each of the countries where the Group has a significant presence and is currently chaired by our senior independent director, Byron Grote.

Our distinct Organisation Model has made our work safer and more productive, enabling continuous improvement through connection and synchronisation of work. It is our more than 106,000 people who deliver our performance every day and who are our best ambassadors, engaging with each other and our array of stakeholders, and supporting our ambitions.

Thank you

There has been no greater privilege for me than leading Anglo American and our incredible people over the last nine years. Together, we have transformed our company's competitive position and led the way towards a very different future for mining – a safer, smarter, more sustainable future that delivers enduring value for all our stakeholders.

By delivering on our promises, we have established the credibility and capabilities that are the foundation for Anglo American's next phase of growth. I can think of no better leader than Duncan Wanblad to pick up the baton and pursue the many opportunities that lie ahead for our business. 2022 marks the start of a new and exciting chapter as we create the new Anglo American.

I thank the Board for its support of everything we are aiming to achieve, the executive team for their tenacity and friendship, every one of our employees for their sheer resilience, and all our stakeholders for their spirit of engagement.

Mark Cutifani
Chief Executive

See page 101 for footnotes.

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 shareholders and our diverse range of stakeholders.

→ For our KPIs
See pages 68–69

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 local 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 positive cash flows. Our financial resources are allocated to where they can deliver optimal financial returns for our shareholders.

Materiality and risk

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

→ For our material matters
See pages 16–17

→ For our principal risks
See pages 60–67

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 105–162

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 geologists search for and discover new sources of the 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 plan.

Mine: In extracting the products that we all need in our daily lives, we draw on over 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 environments.

Process: By processing, converting and refining our raw materials, we produce what 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 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 demand and uses 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 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 real benefits that will be felt by local communities, long after the site is closed.

Our Values

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

How we measure the value we create

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

→ For our pillars of value See page 10

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, nickel, platinum group metals, and the steelmaking ingredients of iron ore and metallurgical coal, while crop nutrients are in development.

Mining and processing activities also 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
$41.6 bn
(2020: $25.4 bn)

Attributable free cash flow
$7.8 bn
(2020: $1.2 bn)

CO_2 equivalent emissions (Scopes 1 and 2)
14.8 Mt
(2020: 16.1 Mt)

Group attributable ROCE
43%
(2020: 17%)

Total water withdrawals
177 Mm^3
(2020: 197 Mm^3)

Total wages and benefits paid[(3)]
$3.7 bn
(2020: $3.3 bn)

Production in 2021

- Diamonds: 32.3 Mct
- Copper: 647 kt
- Nickel (from Nickel and PGMs): 64.0 kt
- Platinum: 2,400 koz refined
- Palladium: 1,628 koz refined
- Rhodium: 347 koz refined
- Iron ore: 63.8 Mt
- Metallurgical coal: 14.9 Mt
- Manganese ore: 3.7 Mt

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.

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.

→ **For more on delivering value for our stakeholders**
See pages 12–13

→ **To download our 2021 Tax and Economic Contribution Report**
Visit www.angloamerican.com/tec-report-2021

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.

See page 101 for footnotes.

Purpose to value

Our Purpose

Re-imagining mining to improve people's lives

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

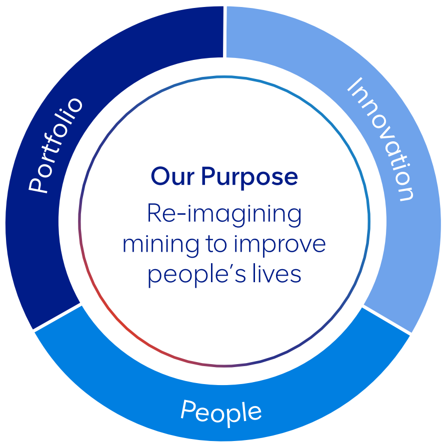
Our Values
Anglo American's Values and behaviours are at the heart of everything we do. Guided by our Purpose and our Values, we enable high performance and purposeful action. Our Values and the way in which we, as individuals, are expected to behave are the foundation of our Code of Conduct.

Our strategy

Guided by our Purpose, our strategy is to secure, develop and operate a portfolio of high quality and long life mineral assets, to deliver sustainable value for all our stakeholders and leading shareholder returns. We achieve this through innovative practices and technologies – in the hands of our world class people.

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

→ For more on capital allocation
See pages 58–59



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

Environment
To minimise our impact on the environment

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

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

Production
To sustainably produce valuable product

Cost
To be competitive by operating as efficiently as possible

Financial
To deliver sustainable returns to our shareholders

Delivering sustainable value for all our stakeholders

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 who depend on our products every day.

→ For more on value delivered to our stakeholders in 2021
See pages 12–13

→ To download our 2021 Tax and Economic Contribution Report
Visit www.angloamerican.com/tec-report-2021

- **Employees**
- **Host countries**
- **Suppliers**
- **Communities**
- **Customers**
- **Investors**
- **Natural environment**

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 135–161

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, providing products that support a fast growing population and a cleaner, greener, more sustainable world.

→ **For more on Portfolio**
See pages 22–29

Innovation

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 30–49

People

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 50–57

Creating value for all stakeholders

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

Mining has a safer, smarter, more sustainable 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.

Employees

People are our business, and that means our first priority is always employee safety.
Our people are critical to all that we do. And always front of mind are the safety and health 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.

→ **For more information**
Visit www.angloamerican.com/employees

Host countries

Playing our role in society
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.

$7.1 bn
Total taxes and royalties borne and collected

$3.7 bn
Total wages and benefits paid

→ **To download our 2021 Tax and Economic Contribution Report**
Visit www.angloamerican.com/tec-report-2021

Suppliers

Responsible sourcing aligned to our Purpose
Our approach to responsible sourcing defines the minimum sustainability requirements and decent work principles required by all 17,000+ 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 our host provinces, where over 70,000 jobs are supported by our procurement worldwide.

→ **For more information**
Go to page 49

$10.0 bn
spent with local suppliers in 2021

88%
of total supplier spend of $11.4 bn

Communities

Helping to create thriving 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.

→ **For more information**
Go to pages 47–49

Global CSI expenditure by region[1]

	$'000	
Africa	73,100	53%
Americas	60,400	44%
United Kingdom	2,400	2%
Australia	1,100	1%
Rest of World	1,000	1%
Total	**138,000**	

(1) Discrepancies may occur due to rounding.

$138 m

Total Corporate Social Investment (CSI)

Customers

Understanding our customers' needs
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. To date, seven Anglo American managed operations have either completed IRMA assessments or are in the process of being assured: Unki; Mototolo Concentrator; Amandelbult; Kolomela; Sishen; Minas-Rio and Barro Alto. In addition, two operations have undergone the Responsible Jewellery Council certification and we have adopted the Copper Mark certification at Los Bronces and El Soldado while they await being assured against IRMA.

▲ In 2019, our Unki PGMs mine in Zimbabwe was the first in the world to publicly commit to a third-party audit to determine its performance against IRMA's Standard. Pictured is control room operator and production foreman John Mambanda in the concentrator plant control room.

→ **For more information**
Visit www.angloamerican.com/about-us

Natural environment

Protecting our 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 targeted to be carbon neutral (Scopes 1 and 2 emissions) by 2040
- Net-positive biodiversity and conservation outcomes
- Reducing freshwater withdrawals by 50% in water scarce areas by 2030.

Investors

Delivering sustainable financial returns
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**
Visit www.angloamerican.com/investors

$6.2 bn

Total returns to shareholders

8%*

Dividend yield

35%

TSR performance

Stay up to date
For more on our performance in the year, see the video link.

Visit https://youtu.be/dqSfiru4OdU

* Calculated using average share price ($40.17) for the year ended 31 December 2021.

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 15

Material matters
→ See pages 16–17

Global trends
→ See pages 18–19

Principal risks
→ See pages 60–67

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 117–119

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 pages 10–11

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 58–59

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 regard 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.

In addition to the stakeholders listed below, 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 team. The chairman also hosts meetings with some of the company's largest institutional investors through the year.	– The Group's continued response to Covid-19 – Sustainability, including climate change strategy, targets and progress (e.g. carbon neutrality) – Our exit from thermal coal operations – Progress of major projects
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 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. In 2021, we signed our first collaboration/dialogue agreement with IndustriALL Global Union. We also participated in the first Tripartite working group on gender-based violence.	– Safety and health – Controls and protective measures related to Covid-19 – Mental health and well-being – Changed working conditions and effective virtual working – Reinforcing critical controls for working safely – Proposed changes to our operations, working conditions or practices – The future of work
Communities	Our Social Way 3.0 engagement requirements and the community engagement forums that form part of our Sustainable Mining Plan are at the heart of how we engage with our local 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 and visits operations, with such visits often including engagement with local community representatives. We have a Groupwide procedure for reporting social incidents and grievances and all Level 4–5 social incidents are reported to, and discussed by, the Board.	– Response to Covid-19 – Collaborative Regional 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 forums; supplier capability development initiatives; various digital platforms; and our responsible sourcing 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 – including highlighting new modern slavery and labour rights risks within the supplier network. – Increasing procurement opportunities for host community suppliers – Promoting transparency and access to information – Protecting the safety, health, well-being, human rights and dignity of workers employed by 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 and also has longstanding partnerships with NGOs such as TechnoServe, Fauna & Flora International and WorldVision.	– 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 – Progress on our sites achieving responsible mining standard certification
Customers	Our Marketing business engages 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 materials traceability, environmentally and socially responsible practices and risk management – Participation in responsible mining certification systems, such as the Initiative for Responsible Mining Assurance (IRMA) and the Responsible Jewellery Council (RJC)
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 geo-political 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

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.

Following the externally facilitated integrated materiality process that took place in 2020, which incorporated in-depth interviews with a range of internal and external stakeholders, the 2021 materiality process consisted of desktop research and an external consultation survey. The desktop research included a review of the Group Risk register, global media coverage and analyst reports on Anglo American and the mining sector, and an analysis of minuted Board and executive discussions. The external consultation survey was conducted with a wide range of stakeholders, including investors, communities, customers, suppliers, governments, civil society and industry groups.

Material matters in 2021

The matters identified through our materiality process are 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 tables below and opposite. The global pandemic that emerged in early 2020 continued to feature in the desktop research and stakeholder survey, 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. No changes to the material matters determined in 2020 through the in-depth stakeholder interview process were identified through the 2021 materiality process.

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 60–67 of this report. All topics shown in the tables below and 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.

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

Matters identified as material to our stakeholders and our business

Material matters	Description	Topics included
Adopting a zero mindset **Areas of impact** Pillars of value Strategic elements: Portfolio, Innovation, People	Protecting the safety and health of employees, contractors, local communities and other stakeholders is a fundamental responsibility for Anglo American and 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)‡**
Tackling climate change **Areas of impact** Pillars of value Strategic elements: Portfolio, Innovation	Climate change is the defining challenge of our time and there is increasing focus across society on efforts to reduce emissions of carbon dioxide and other greenhouse gases (GHGs). Understanding the effects of climate change on our business and how they may impact our value chain – as well as how we can reduce our own carbon footprint – is vital if we are to mitigate and adapt to its impacts, as well as optimise the opportunities associated with the transition to a low carbon future. We produce many of the metals and minerals that are essential to a low carbon economy, including PGMs for hydrogen fuel cells and green hydrogen production, copper for EVs and renewable energy capacity, and nickel for EV batteries. We have set a target to be carbon neutral (Scopes 1 and 2) across our operations by 2040, with a 30% reduction (on a 2016 baseline) by 2030. We have also stated our ambition to reduce our Scope 3 emissions by 50%, also by 2040.	**GHG emissions‡; energy‡; and the impact of climate change on Anglo American‡**

Protecting our natural environment **Areas of impact** Pillars of value Strategic elements Innovation	We are stewards of the land and ecosystems around our operations and are focused on a net zero mindset of causing no harm to the environment, and delivering net positive outcomes for biodiversity and a lasting positive legacy for society. 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
Playing our role in society **Areas of impact** Pillars of value Strategic elements Portfolio Innovation People	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 social 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
Helping our people thrive **Areas of impact** Pillars of value Strategic elements People	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
Driving business performance **Areas of impact** Pillars of value Strategic elements Innovation People	The mining sector continues to face operating cost inflation, including labour costs, energy and input 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
Adapting to the world around us **Areas of impact** Pillars of value Strategic elements Portfolio Innovation	As a number of emerging economies have developed greater economic maturity, so the need for food supply and infrastructure (e.g. housing and transport) grows. Likewise, as disposable incomes increase, so demand for metals used in a wide array of consumer products will continue to increase. Economic growth in those economies could positively affect demand for the Group's products. Similarly, economic volatility may result in fluctuating demand for those products. Demand may also be affected, on both the upside and downside, by technological developments, 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, or currently experience, political instability and where the regulatory environment for the mining industry is uncertain.	Geo-political context‡; societal expectations‡; transparency (e.g. tax, supply chain); policy advocacy; macro-economic environment‡

Pillars of value

Safety and health
Socio-political
Production
Financial
Environment
People
Cost

→ For our pillars of value
See pages 10

Strategic elements

Portfolio Innovation People

→ For our strategic elements
See pages 22-57

Looking at global trends

In considering the evolution of our long term strategic context, we identify and analyse a wide range of trends that are likely to influence our business.

1. Climate change and the environment

What are they?

Climate change is the defining challenge of our time and there is increasing focus across society on efforts to reduce emissions of carbon dioxide and other greenhouse gases (GHGs). There is also growing awareness of the implications of climate change and the need to mitigate and adapt to its possible impacts across the economy.

The global response includes a transition towards renewable power generation, electrification of transport, development of low carbon industrial processes and changes to agricultural practice. There is also a move towards more efficient use of materials, building more sustainable and/or circular supply chains.

At the same time, many countries are tightening air quality standards to mitigate other harmful emissions, while there is an increasing focus on measures to protect water supplies, biodiversity and local ecosystems.

What does it mean for our industry?

An increased demand for the metals and minerals essential to the low carbon transition and a broadening awareness of the vital role that mining has to play. Low carbon technologies, such as renewable power generation infrastructure and electric vehicles (EVs) powered by batteries and fuel cells, generate additional demand for many metals, including copper, nickel, platinum group metals (PGMs) and steelmaking raw materials (iron ore and metallurgical coal).

A focus on reducing the GHG footprint of the mining value chain, including for carbon intensive downstream sectors such as the steel industry. Steel will remain an essential building block of the modern economy, irrespective of pressure to develop lower carbon methods of steel production. Pathways to decarbonise the steel industry include technologies that will favour higher quality iron ore and increased use of recycled material.

Adoption of circular economy practices. The mining industry has a role to play in supporting the development of more sustainable supply chains for basic raw materials. This includes an industry drive to balance ore extraction and resource management activities to ensure raw material supply from both primary production and recycling.

Delivering value through our strategy

We produce many of the metals and minerals that are essential to the low carbon transition, including PGMs for hydrogen fuel cells and green hydrogen production, copper for EVs and renewable energy capacity, and nickel for EV batteries.

Our exit from thermal coal operations, the commissioning of the Quellaveco copper project in mid-2022, and the recently acquired Crop Nutrients business represent the latest phase of our portfolio trajectory towards future enabling products.

We have set a target to be carbon neutral (Scopes 1 and 2) across our operations by 2040, with a 30% reduction (on a 2016 baseline) by 2030. We aim to achieve this through efficiency improvements, a migration to renewable power supply across our operations and the implementation of a number of low carbon technologies through our FutureSmart Mining™ programme.

In addition, we have set an ambition to reduce our Scope 3 (value chain) emissions by 50% by 2040. Emissions from the steel value chain make up the significant majority of our Scope 3 emissions and we are working closely with our customers and the broader industry to help achieve this ambition.

→ For more on our Portfolio
See pages 22–29

→ For more on our Innovation
See pages 30–49

2. Macro-economics and demographics

What are they?

Several developing economies, most notably China, have experienced a period of rapid urbanisation and industrialisation over the past two decades, also resulting in an unprecedented number of households entering the wealthier middle class.

More recently, the economic fall-out of the pandemic has reversed poverty reduction efforts in some regions, increasing levels of inequality.

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

In the developed world and globally, patterns of consumption may also change due to changing demographics, including changes to fertility rates and ageing populations.

What does it mean for our industry?

As the global population grows (at least for the next four decades, current rate c.80 million per year) and as economies develop, so the need for food supply and infrastructure (e.g. housing and transport) grows, resulting in higher demand for crop nutrients, steel and base metals. Likewise, as disposable incomes increase, so demand for metals used in a wide array of consumer products will further 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 grow.

Delivering value through our strategy

Anglo American has a diversified product portfolio, increasingly focused on products that enable advanced and lower carbon economic development and that 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 as a by-product of our PGMs mines. Our premium quality iron ore and metallurgical coal resources are well placed to support demand for cleaner steelmaking and our Crop Nutrients business is positioned to support sustainable, low carbon food production.

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

→ For more on Portfolio
See pages 22–29

→ For more on Innovation
See pages 30–49

We assess trends in terms of their potential impact on the value of our business, while also considering the value created for, and impact on, all our stakeholders, and the timeframe over which they could develop in significance. We recognise that individual trends do not unfold in isolation and that when they converge there is potential for more pronounced effects.

Our strategy positions us well to navigate the many dimensions of our external context and, as trends develop, is flexible enough to allow us to adapt as required. Our high quality and diversified portfolio of assets, relentless approach to innovation, and talented people – combined with business decisions guided by our Purpose – set us up to take advantage of commercial and other opportunities, thereby unlocking our full potential for sustainable value creation.

3. Emerging technologies

What are they?

New technologies are constantly emerging, focused on improving existing solutions, solving global challenges, or addressing society's unmet needs. These have the potential to significantly disrupt the status quo in some sectors of the economy, while unlocking opportunities for new products and services.

Important areas of technological development include those related to digital and big data, the application of automation and artificial intelligence, and the opportunities presented by blockchain and the use of cryptocurrencies.

Meanwhile, innovation in the material sciences will continue to influence applications for metals and minerals, as new-use cases drive demand.

Increasing sustainability challenges, notably access to water and clean energy, are often at the root of many of these emerging technologies.

What does it mean for our industry?

Automation, digital and big data are changing the way mineral resources are explored and developed, helping to alleviate the growing challenge of identifying and developing Tier 1 assets. Technology will play a major role in identifying new resources, managing costs of production, improving productivity, and minimising the environmental impact of mining.

Blockchain technologies, enabling secure, centralised and transparent data, will change the nature of industry supply chains, and will support the needs of our customers and consumers for whom the provenance of materials is increasingly important.

Innovation in material science has the potential to significantly impact demand, presenting both risks and opportunities for metals and materials. For example, there is growing potential for use of PGMs in fuel cells and for applications in medical science.

Delivering value through our strategy

Innovation is at the heart of our strategy, focused on safety, sustainability and operating performance. FutureSmart Mining™ uses innovative mining methods and technologies to overcome challenges of water availability, lower grades and increasing energy requirements, reducing our environmental footprint as well as reducing capital intensity and operating costs.

Our participation across the value chain allows us to apply our innovations in technology and sustainability more widely, looking beyond upstream production to examine other opportunities in the value chains in which we participate. For example, De Beers is a pioneer in blockchain-based traceability, applying the technology to the diamond value chain.

→ For more on Innovation
See pages 30–49

4. Geopolitical shifts

What are they?

The rapid economic growth of China and the expectation that it will overtake the US as the world's largest economy (in GDP purchasing power parity terms) are shifting the balance of economic and political influence from West to East. A resulting shift in patterns of global trade and emerging regional tensions have seen the emergence of new regional trade agreements, as well as more widespread use of protectionist trade measures.

Rising inequality and a perceived failure of established democracies to deliver a higher quality of life has, in some countries, seen a rise in support for populist leaders at the expense of more liberal norms. In some cases this has heightened localised conflict, civil unrest, human migration and risks to businesses with supply chains exposed to those jurisdictions.

What does it mean for our industry?

The re-alignment of regional trading blocs and greater socio-political complexity can shift centres of demand and consequently the flow of raw materials to them. Where trade restrictions have been imposed, these often target strategically important raw materials, bringing a renewed focus on supply chain resilience and alternative sources of supply. This offers both challenge and opportunity to the mining industry.

In countries where sources of mineral supply are located, the rise of populist leaders can introduce uncertainty to the legislative and regulatory environment, while constitutional change can lead to delays in licensing and permitting, and higher taxes and royalties, all of which can affect operational continuity and influence investment in those countries.

Delivering value through our strategy

Our Marketing business focuses on providing tailored materials solutions for our customers and, by drawing together our longstanding relationships, market insight and analytics capability, we can respond to demand shifts and redirect flows to fulfil the needs of our customers and stakeholders.

Our successful track record of developing and operating projects in multiple jurisdictions makes Anglo American a partner of choice for countries looking to develop their natural resource endowments. Our innovation-led pathway to sustainable mining – FutureSmart Mining™ and, within it, our Sustainable Mining Plan – helps us to work with governments to advocate for progressive regulatory frameworks that encourage and support investment in modern, sustainable mining. We have sought to invest, over many years, in long term relationships and the sustainable economic development within host communities so that we have the relationships in place to manage periods of complexity.

→ For more on Innovation
See pages 30–49

→ For more on our Marketing business
See pages 40–41

Reflecting stakeholder views in our Board decision making

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.

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 we run regular surveys available to all employees 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 2021, 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 pages 122–123

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.

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 2021 received tailored, individual briefings on these duties, and the Board received updates in 2021.

As a major global mining company, the Board understands that our wide range of stakeholders (identified on page 15) 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 delivery of, 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 designed to support the UN's SDGs. 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 117–119. For more on the global trends that influence the mining industry and our business, see pages 18–19, and for more on our approach to climate change, see pages 43–45. A summary of some of the key decisions made by the Board during the year is to be found on page 21.

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 2021

Exit from thermal coal operations

The Board supports Anglo American's portfolio trajectory towards supplying future-enabling metals and minerals, being those required for the transition to a low carbon economy and, more broadly, that meet the demands of a growing global consumer population. Today, more than 90% of our growth capital is allocated to future-enabling products, such as copper, PGMs, diamonds and crop nutrients, as well as high quality iron ore. High quality metallurgical coal is also essential during the transition by supporting cleaner steelmaking today, while we work with steel customers to develop less energy- and carbon-intensive steelmaking technologies. Consistent with this approach, we have been reducing our exposure to thermal coal over many years, culminating in early 2022 when, following the demerger of our remaining coal mines in South Africa in 2021, and the sale of our shareholding in Cerrejón in Colombia, we completed our exit from thermal coal operations.

→ **For more information on our Portfolio**
See pages 22–29

Increasing our decarbonisation ambitions

In tandem with aligning our portfolio towards meeting the demands and expectations of a lower carbon world, we are transforming our operations towards carbon neutrality, including by adopting technologies to switch our mine vehicles and other machinery away from diesel power. The Board has put its full weight behind the decarbonisation of our value chains, and Anglo American's role in the global arena in advocating for policies that support decarbonisation and ethical sourcing of raw materials. By 2030, we have a target to reduce GHG emissions (Scopes 1 and 2) by 30% against a 2016 baseline, with eight of our assets being carbon neutral by that date. To that we added a target to be carbon neutral across our operations by 2040 and, in 2021, our ambition to reduce our Scope 3 emissions by 50%, also by 2040.

→ **For more information on our approach to climate change**
See pages 43–45

→ **For more information on the Board's discussions on climate change**
See page 125

Attractive shareholder returns

Our commitment to a sustainable base dividend forms a critical part of our disciplined approach to capital allocation. Following a record financial performance and despite some faltering in the global recovery, due to supply shortages and a surge in energy prices that propelled inflation, the Board has recommended a final dividend of $1.18 per share, as well as a special dividend of $0.50 per share. This will bring total dividends paid and proposed in respect of 2021 to $4.19 per share. Combined with our $1 billion share buyback programme, our total cash return to shareholders for 2021 exceeds $6 billion. Anglo American's TSR for 2021 was 35%, second amongst the UK-listed mining majors and almost double that of the FTSE 100 at 18%.

→ **For more information on our approach to capital allocation**
See pages 58–59

Chief executive succession

Succession planning for all directors is an ongoing cycle of work, and we continue to refresh the composition of the Board to ensure we reflect an appropriate mix of skills, experience and diversity to suit the evolving nature of the business and society's expectations. As part of that process, Mark Cutifani is stepping down as chief executive in April 2022 after almost a decade at the helm. Mark and his executive team have transformed the company's performance and prospects. Following a rigorous global process, including a strong list of candidates on our internal succession plan, the Board concluded that Duncan Wanblad (pictured) is the stand-out successor, bringing his 30 years of international mining experience, and deep understanding of our Group, its culture and its context, to take Anglo American forward.

→ **For more information on our Board succession planning**
See pages 126–127

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 future-enabling metals and minerals that are essential to decarbonise energy and transport and that support a growing global consumer population.

Material matters discussed in this section

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

▲ Installation of the first Caterpillar 7495 electric shovel at our Quellaveco copper project in the south of Peru. Quellaveco is introducing three of these massive shovels, each weighing 1,390 tonnes, which will play a key part in the switch-over from diesel-powered equipment, which is responsible for the great majority of carbon emissions at our mining operations.


TRIDENTE
QUELLAVECO
AngloAmerican

▲ In South America, our operations are switching to renewable sources of power, such as wind turbines and solar, for all of their energy requirements.

A cleaner, greener, future-enabling portfolio

Tackling climate change is the defining challenge of our time. Our underlying principle is to reduce carbon going into the atmosphere, both through how we operate and the metals and minerals we produce.

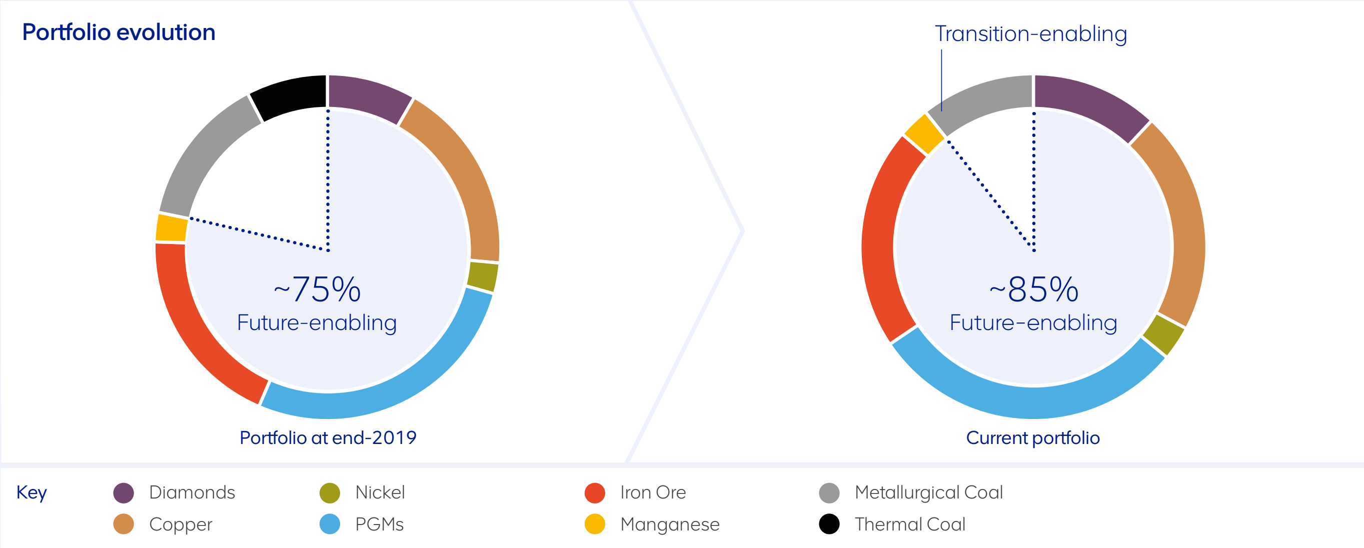
A future-enabling portfolio

Mining has a vital role to play in providing the metals and minerals needed to help address climate change, and more broadly by modern society and its ever-growing global consumer population. For several years, we have been re-aligning our portfolio towards future-enabling products, many of which are critical to the technologies needed for the world to move away from fossil fuels towards low carbon energy and transport. Today, having exited our thermal coal operations, a large majority of current production (c. 85%) is of products that enable a more sustainable future and that cater to global consumer demand. That trend is set to continue in the coming years as we bring new copper and PGMs production on stream and introduce low carbon fertiliser into our global customer offering. We also continue to re-align our portfolio in line with our ambitious targets of becoming carbon neutral, and our ambition to reduce Scope 3 emissions by 50%, by 2040.

Each of our products improves people's lives in different ways. The production of steel is currently carbon-intensive, but our high quality iron ore, nickel and metallurgical coal products support efficient – and therefore lower emitting – steelmaking now and are well positioned to support the transition to lower carbon steel production methods centred around hydrogen. Our Crop Nutrients business's POLY4 fertiliser product has many positive environmental properties, while demonstrating considerable crop yield and quality benefits over other bulk fertiliser products. Diamonds, though they have a limited role in the transition to a low carbon economy – have important industrial applications, such as in cutting, drilling, and the production of supermaterials that improve the efficiency, performance and reliability of industrial tools and technology.

c.85%

of our production supports a more sustainable future and caters to global consumer demand.



Copper – Metal of the moment, and the future

Anglo American is particularly well-positioned in copper, which, along with steel, is the world's two most important industrial metal. Prized for its conductivity, it has a crucial role in the transition from fossil fuels to more sustainable energy sources, including solar and wind. This and other unique properties make copper a critical element as society addresses the challenges of climate change, energy efficiency and the raising of living standards for the growing global urban population. It is vital to the effort to move to a cleaner, greener world – particularly in renewable energy and the electrification of transport.

"Prized for its conductivity, copper has a crucial role in the transition from fossil fuels to more sustainable energy sources, including solar and wind."

Copper is used in everything from household appliances to wind turbines and electric vehicles. Around 60% of total global copper demand is destined for electrical applications – wire, cables and connectors, including in vehicles and consumer electronics. A further 20% is used in construction, with pipes and roof sheets particularly benefiting from copper's resistance to corrosion. The metal's thermal conductivity and malleability mean it is used extensively in air conditioning and refrigeration.

Copper is increasingly used in the automotive industry, and as an enabler of the hydrogen economy. Battery electric and hybrid electric vehicles typically contain three to four times more copper than internal combustion engine (ICE) vehicles – while 'pure electric' vehicles such as fuel-cell vehicles (FCEVs) powered by hydrogen have even higher loadings of the metal.

With the Covid-19 pandemic continuing to have a profound impact on people's lives, copper-nickel alloys are being used increasingly in anti-microbial touch-surface applications, as they combine excellent strength, durability and corrosion resistance. There is also growing use of copper-alloy compositions to kill disease-causing bacteria, including certain hospital superbugs.

→ **For more information on our Copper assets**
See pages 26–27

Platinum Group Metals – Unrivalled in their diversity of applications

The PGMs suite – platinum, palladium, rhodium, ruthenium, iridium and osmium – is unparalleled in its versatility of applications. Anglo American is a leading primary producer of these precious metals, which are enabling the transition from traditional energy sources and helping to reshape our world through their role in facilitating the emerging hydrogen economy.

PGMs' main application today is in the automotive industry. Platinum, palladium and rhodium are used in catalytic converters in traditional ICE vehicles and hybrids to reduce pollutants from car exhaust gases. PGMs also play an essential role in zero-emissions powertrain technologies for FCEVs.

With more urgent concerns about the effect of fossil fuels on the environment, and high energy costs, there is growing interest in PGMs-based technologies to generate, as well as use, hydrogen as an alternative energy source. As an example, in our PGMs operations at Mogalakwena, we will soon be using solar power to produce green hydrogen, which will, in turn, be used to displace diesel in our mine haul trucks. While in its early stages, this demonstrates the wide potential of PGMs to enable the commercialisation of hydrogen generation and usage as a clean energy source.

A less well-known application for PGMs is in the preservation of perishable food produce. Latest research indicates that around one-third of the food produced annually for human consumption is wasted. Food loss and waste are also responsible for the release of 4.4 Gt of GHG emissions per year.

To help address this challenge, our PGMs business has two different partners aiming to commercialise solutions that extend the shelf life of fresh produce through the removal of ethylene using PGM-containing catalysts. Anglo American has joined forces with Japanese precious metals company Furuya Metal and, through a dedicated joint venture, is developing a series of catalysts designed to decompose ethylene and volatile organic compounds, in a simple and cost-effective way. 'It's Fresh', a portfolio company of AP Ventures – in which our PGMs business is an investor – has also developed a solution for the removal of ethylene from perishable food, which when placed near products such as fruit or vegetables, safely absorbs the ethylene via the process of chemical absorption, or chemisorption, and thereby slows down the ripening process and extends shelf life and usability.

→ **Learn more about our Platinum vision**
Visit www.angloamericanplatinum.com/products-services-and-development/platinum-group-metals

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 through a lower carbon global economy 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 and nickel, platinum group metals, and the steelmaking ingredients of iron ore and metallurgical coal. The exit from the last of our thermal coal operations, the commissioning of the Quellaveco copper project in Peru (expected in mid-2022), and the ongoing development of our recently acquired Woodsmith project (Crop Nutrients business) represent the latest phase of our portfolio trajectory towards future enabling products.

The scale and diversity of our portfolio allow us to optimise our financial resources, technical expertise and supplier relationships to deliver on our potential, and to the benefit of all our stakeholders. The portfolio's depth and breadth create a measured risk profile that is financially resilient in a low carbon world, 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.

The evolution of the Anglo American portfolio is guided by our strategy. Specific choices with respect to our portfolio are governed by a set of strategic principles. These principles also inform our capital allocation and investment appraisal processes, ensuring consistency of strategic decision making across the Group, and embedding climate-related considerations at all stages.

In assessing our asset portfolio, the strategic principles we consider include:

- The stand-alone quality of individual assets, including their relative cost position, asset life and growth potential
- Our global competitive position within the individual product groups
- The additional value potential generated through leveraging our internal capabilities.

Our product groups

Future-enabling metals and minerals constitute approximately 85% of current production. That trend is set to continue in the coming years as we bring new copper and PGMs production on stream and introduce low carbon fertiliser into our global customer offering.

Diamonds

De Beers is a global leader 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 recovery vessel is expected to go into production in 2022; and in South Africa, Venetia is transitioning to an underground operation, extending the life of mine to 2047.

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 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 De Beers Forevermark and De Beers Jewellers brands and through its participation in the Natural Diamond Council.

Although diamonds have a limited role in the transition to a low carbon economy, our mined diamond production is highly aligned with a low carbon future – aiming to be carbon neutral by 2030 – while continuing to contribute significantly to the local economies that host our mines, most notably in Botswana and Namibia. De Beers has a longstanding commitment to sustainability and environmental protection and restoration.

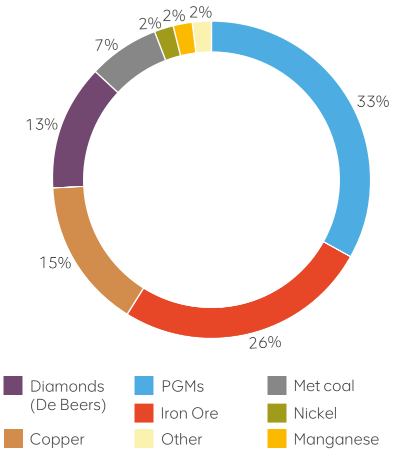
Base Metals

Copper

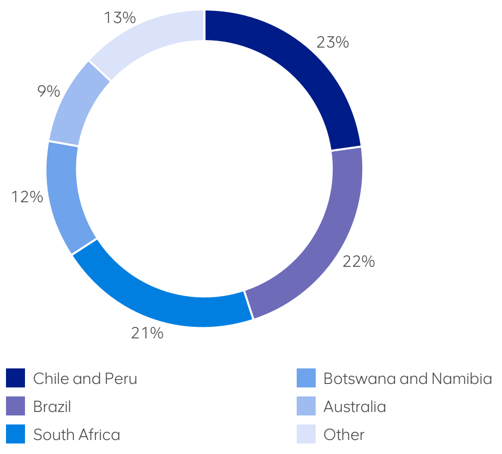
Anglo American has a world class position in copper, built around its interests in two of the world's largest copper mines – Los Bronces

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 business included within Other.
(2) Attributable basis.

(a 50.1% owned and managed operation) and Collahuasi (44% interest in the independently managed joint operation), with Reserve Lives of 36 years and 86 years, respectively. The tier one Quellaveco copper project we are developing in Peru – due to start production in mid-2022 – is one of the world's largest untapped copper orebodies and is expected to add around 300,000 tonnes per annum of copper equivalent production (100% basis) on average in the first 10 years of production. The resource base of these assets underpins our future near-asset growth opportunities, in addition to the polymetallic Sakatti deposit, which is being evaluated extensively by our Discovery and Base Metals teams in Finland.

Copper is critical to decarbonisation, in particular to the transition of the global energy system. Increased electrification and the shift from carbon intensive to renewable power generation are resulting in significant changes to energy grids and distribution systems, all of which require additional copper.

The copper mining 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.

Nickel

Anglo American produces two types of nickel. Our Barro Alto and Codemin nickel assets (both 100% owned) are located in Brazil and produce ferronickel, the majority of which is used in the production of high quality stainless and heat resistant steels. Together, these assets have the capacity to produce up to 45,000 tonnes of nickel per year. Our PGMs operations in South Africa produce nickel sulphate as a by-product, amounting to 22,300 tonnes in 2021. Nickel sulphate is a critical input in lithium ion batteries used in multiple carbon abatement technologies, including battery electric vehicles (BEVs).

Platinum Group Metals (PGMs)

Our PGMs business (held through an effective 79.2% interest in Anglo American Platinum Limited) is a leading producer of PGMs – platinum, palladium, rhodium, iridium, ruthenium and osmium. We mine, process and refine the PGM basket of six precious metals from its high quality resource base, located in the biggest known PGM deposit in the world – the Bushveld Complex in South Africa. We also own and operate Unki mine – 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 world's highest margin PGM producers, in part due to being the only large open pit PGM mine that exists today.

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. On 31 January 2022, we announced that we had disposed of our 50% interest in Kroondal to the other 50% owner, Sibanye-Stillwater, conditional on a number of regulatory approvals – see page 86 for more details.

Demand for PGMs is forecast to remain healthy, 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 economies such as India offer the potential of developing, from a relatively low base, into significant platinum jewellery markets. The versatility of the six metals is highlighted too in the breadth of applications for the lesser-known PGMs.

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.

→ **For more on how we are developing the market for PGMs**
See page 40

▲ 'Minor PGMs' such as iridium and osmium are now being used in combination with platinum in the fight against cancer.

The 'minor PGMs' – a wide range of uses

Beyond platinum, palladium and rhodium, the minor PGMs also have an important role to play in our modern world.

Ruthenium is a highly corrosion-resistant PGM and is a catalyst in many chemical and electrochemical processes. It is widely used, either on its own or alloyed with platinum and palladium, to impart hardening and other qualities to make electrical contacts with extreme wear resistance. Its many electrical and chemical properties make it widely used in micro-electronics, particularly in the manufacture of thick-film semiconductors and hard disks.

While the applications described above account for around 50% of production, ruthenium has a variety of other applications. Ruthenium oxide is used in the chemical industry to coat the anodes of electrochemical cells for chlorine production, and in catalysts for ammonia and acetic acid production. In the medical arena, broadening applications include cancer chemotherapy, while ruthenium isotopes are used in eye-tumour radiotherapy. Ruthenium compounds are also being used in solar cells to create energy in the ever-expanding photovoltaic (PV) field.

Iridium is one of the rarest elements on Earth, and the most corrosion-resistant material known. It has the highest density of all the elements. As with other metals in the PGMs suite, iridium is commercially recovered as a by-product of PGMs and nickel refining. It is used in special alloys, including with sister metals such as platinum and osmium. Iridium is widely used as a chemical and electro-chemical catalyst, for instance in chloralkali electrodes. Because of its anti-corrosion properties, it is used when corrosion resistance at high temperatures is needed, for example in the manufacture of crucibles, in which crystals for the electronics industry are grown, as well as in top-specification spark plugs and electrodes for the production of chlorine in the chloralkali process.

Osmium was, for many years, considered the 'Cinderella' of the PGMs suite because of its very limited range of applications. It is now, however, the subject of growing interest. Most widely known in the past for being a component in the production of very hard, and frequently PGM-based, alloys for fountain-pen tips and electrical contacts, osmium is today experiencing a wider range of applications, including in the chemical industry as a catalyst.

Potentially the most important development for osmium is that it is now being used in combination with other PGMs, such as platinum and iridium, in the fight against cancer. In this field, there is also increasing interest in osmium in its own right. As an illustration, Anglo American is a co-sponsor of the University of Warwick's research into anti-cancer therapies; this has led to the discovery of an organo-metal compound, named Organo-Osmium FY26, which attacks cancer cells' weakest parts, and may become a significant contributor to anti-cancer treatments.

Bulk Commodities

Steel is an essential material for almost all infrastructure and provides the backbone of the low carbon economy and wider, long term socio-economic development. Steelmaking is currently carbon intensive, but our high quality iron ore and metallurgical coal products support efficient – and therefore lower emitting – steelmaking today and are well positioned to support the transition of the sector to lower carbon production methods centred around hydrogen.

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 70% 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, our Minas-Rio operation (100% ownership), consisting of an open pit mine and beneficiation plant, 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 (50% owned) at the port of Açu.

As steel producers in China and elsewhere face ever-tighter emissions regulation 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.

Metallurgical Coal

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

Our tier one metallurgical coal assets include the Moranbah 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.

Anglo American has completed its exit from thermal coal operations, having demerged to shareholders our remaining thermal coal operations in South Africa during 2021, and completed the sale of our 33.3% shareholding in Cerrejón in Colombia in January 2022.

Manganese

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

Crop Nutrients

Anglo American is progressing the development of 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.

Our fertiliser product – known as POLY4 – will be exported to a network of customers overseas from our dedicated port facility at Teesside. As we develop the mine and associated infrastructure, we are also developing demand for its product. POLY4 continues to demonstrate the significant benefits of its multi-nutrient, low chloride characteristics on the full breadth of crops at commercial scale. Beyond its crop yield and quality benefits over other bulk fertiliser products, the value of the product is also expected to be enhanced by its positive environmental properties – a very low carbon footprint given minimal processing requirements, its natural ability to improve soil health, and its certification for organic use.

This long-life asset 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 – in this case, to meet ever growing demand for food – and enable a cleaner, greener, more sustainable world.

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 2021, our focus was on continuing to improve our competitive position, progressing the construction of the Quellaveco copper project in Peru, completing our exit from thermal coal operations and progressing the technical review of the Woodsmith polyhalite project.

On 4 June 2021, Anglo American demerged its thermal coal operations in South Africa into a newly incorporated company, Thungela Resources Limited, that was subsequently admitted to trading on both the Johannesburg and London stock exchanges on 7 June 2021.

And, on 11 January 2022, Anglo American completed the sale of its 33.3% shareholding in Cerrejón to Glencore plc for a total cash consideration of approximately $0.3 billion, before adjustment for dividends received in 2021. The completion of this transaction represents the final stage of our responsible exit from thermal coal operations.

At our Woodsmith polyhalite project, our detailed technical review to ensure the technical and commercial integrity of the mine design and its associated transportation and port infrastructure, is largely complete. Several aspects of the project have been identified for modification that will bring the project up to Anglo American's safety and operating integrity standards, as well as optimise the value of the asset for the long term.

Anglo American expects to make changes to the design of the mine infrastructure, including the installation of additional ventilation earlier in the development of the underground mining area to enable the use of only continuous miners. These configuration modifications will result in a different and longer construction schedule.

The technical review also confirmed the high quality and potential of the project, with the scale and quality of the polyhalite orebody supporting the project's forecast first quartile operating cost position and strong margins.

→ For more on the Woodsmith project
See pages 98–99

Projects

Anglo American offers one of the most attractive organic growth profiles in the mining industry and is set to deliver 35%[(6)] growth over the next decade.

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

The Quellaveco copper project in Peru remains on track, despite the challenges posed by Covid-19 to date, with first production expected in mid-2022. Total project costs are estimated at $5.4–5.5 billion

See page 101 for footnotes.

(100% basis), excluding the impact of additional Covid-19 related disruption. The construction of a full scale coarse particle recovery plant, expected to be completed in 2023 at a cost of $0.2 billion, will allow retreatment of coarse particles from flotation tailings to improve recoveries by c.3% on average over the life of the mine.

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, the Moranbah-Grosvenor metallurgical coal mines in Australia, and the Sakatti polymetallic project in Finland.

→ **For more on the progress of our Quellaveco project**
See pages 83–84

Discovery

Discovery and Geosciences, including our exploration activities, is consolidated and centrally co-ordinated, covering near-asset and greenfield discovery activities, projects and operations. The integrated team represents a strategic differentiator, enabling the detailed understanding of our world class assets to inform our pursuit of discoveries.

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

Quality discovery portfolio

We are concentrating on the discovery of mineral deposits in existing and new district-scale positions that are capable of delivering:

- Sustainable returns to the business, on a material scale
- Further improved diversification and optionality for the business, especially with respect to metals and minerals that will enable a cleaner, greener, decarbonised world.

Our robust and diverse discovery portfolio includes:

Near-asset discovery projects

Our near-asset discovery projects are focused on the district-scale 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 Annual Report 2021 for full details). In other districts such as Quellaveco (Peru), Mogalakwena (South Africa), and Sakatti (Finland), new copper and PGM prospects respectively have been identified and are currently being evaluated.

Greenfield discovery projects

Greenfield discovery projects are those that identify and secure district-scale mineral tenure covering strategic, highly prospective search space in established and frontier settings. Our greenfield discovery focus includes copper, nickel, PGMs and diamonds. The mineral-system focus also brings the potential for co/by-products, including gold, cobalt, silver, molybdenum and zinc. The Group has active greenfield programmes in Australia (Queensland and Western Australia), Canada, Greenland, South America (Brazil, Chile, Ecuador and Peru), Europe, and sub-Saharan Africa (Angola, Botswana, Namibia and Zambia).

▲ Construction work in progress at Quellaveco's futuristic-looking Papujune processing plant.

State of the art Quellaveco – on track for start-up in 2022

At Quellaveco in the south of Peru, we are building a model mine for the 21st century. A mine where many operations will be fully digitalised and automated, which uses minimal fresh water, and which is being developed in close collaboration with our host communities and with the utmost care for the environment. Notably, in line with Anglo American's policy of sourcing all its South American operations' energy needs from non-fossil sources, Quellaveco's mains power supply will come entirely from renewables from 2022.

Construction progress

We saw the achievement of several major milestones at the project in 2021 and construction on all work fronts is reaching the final stages. The Vizcachas Dam – part of the infrastructure that will provide water to both the operation and local communities – is now commissioned, and the 95 km water pipeline to site is on track to complete in the first quarter of 2022. Significant progress has been made on the primary crusher, and the overland ore transport conveyor belt to the processing plant is being installed. We are close to completing the construction of the processing plant, and pre-commissioning of the first of two milling lines began in January 2022. In the tailings area, the starter dam is built to its full elevation and, at the port, works to expand the existing port facilities remain on track to allow copper concentrate shipments to begin in 2022.

Rolling out innovative technologies

Our technicians are rolling out a range of autonomous, or automation-ready, vehicles and equipment. This includes a fleet of 27 specialised mining trucks, 22 of which are already working on site following the start of pre-stripping in April. These are being complemented by high capacity electric rope shovels and hydraulic mining shovels, further increasing production rates and lowering greenhouse gas emissions. We are also deploying six autonomous drills, drilling a first hole from a remote control room, in June 2021.

Anglo American is also studying whether Quellaveco could utilise technologies such as bulk ore sorting (BOS) and hydraulic dry stack (HDS), in addition to the full scale coarse particle recovery (CPR) plant that is targeted for construction at the site. BOS is designed to deliver improved feed grade to plants through early rejection of waste, improving energy efficiencies; CPR is a complementary technology that allows material to be ground to a larger particle size, and also improves copper recovery, energy efficiency and water recovery; while HDS is a dry-storage technology that assists the water-recycling process and forms part of our investigations to moving towards safer 'dry' tailings storage.

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

▲ Installing the power module, designed and built by our Technical team, into the 290 tonne capacity hydrogen heavy haul hybrid truck we are building at our Mogalakwena PGMs mine. This unique, fuel-cell and battery-powered truck is set to enter service in 2022, and be the forerunner of a fleet of such trucks at seven of our operations by 2030.

▲ Stephina Seemola, a Community Health worker, tests local resident, Emma Tselapedi, for diabetes in Sunsloot Village, Mogalakwena.

Collaborative Regional Development

How to foster economic and social development in a way that delivers enduring benefits to the communities where mining companies have operations has been a longstanding challenge for the mining industry. All too often, interventions have been sporadic, mine-dependent, inadequately resourced, and lacking scale, resulting in under-delivery and lack of follow-through. We are working to change this.

Recognising that a new approach is needed if we are to translate well-meaning aspiration into long term improvement of people's lives, Collaborative Regional Development (CRD) is Anglo American's innovative partnership model to catalyse scalable and sustainable development across our operating regions.

Why we can't go it alone

Although Anglo American is a major development actor in several regions where we have mines or mining projects, experience has taught us that we need to forge cross-sectoral partnerships if regional development is to be strengthened. Our approach, therefore, is rooted in listening and truly engaging with our many constituencies – which is why CRD is a collaborative model that includes neighbouring communities, government, business, development partners, and academia.

Optimising our technological leadership

As a widely acknowledged technological leader in the mining industry, innovation is also at the heart of our approach. In addition to exploring in sectors such as agriculture, tourism and mining supplies, we are also looking at regional development benefits stemming from new technologies being introduced across Anglo American, including our growing expertise in renewable energy and its role in the production of 'green hydrogen'.

For each CRD study, we undertake a comprehensive analysis of the region's assets, including climate, soils, skills, infrastructure and historical and natural heritage, to identify and then evaluate untapped potential in a systematic, data-driven way. This feeds into a rigorous six-phased approach to regional development that is not only data-driven but is based on multi-sector engagement and collaboration.

▲ In November 2021, we launched Moquegua Crece CRD programme, our CRD programme in Peru's Moquegua region. Pictured are (left to right) Gaelle Dupuis, who is Manager of Institutional Relations and Sustainability at Engie Energia Peru; Governor Regional Moquegua Zenón Cuevas Pare; and Anglo American vice-president – corporate affairs Diego Ortega Meneses.

The Impact Catalyst

Our Sustainable Mining Plan (SMP) aims to deliver outstanding sustained business performance, while making a net-positive impact on our host communities and the environment. Integral to delivering certain commitments within the SMP, our CRD projects reflect the longevity of our commitment; they are designed to provide sustainable job opportunities that are independent of our mines, so that host communities can prosper long after mine gates close for the last time.

The Impact Catalyst is our first CRD partnership, initiated by Anglo American and co-founded with fellow mining company, Exxaro, and other South African and international organisations, and it is already delivering significant socio-economic change on a regional scale across Limpopo and the Northern Cape in South Africa.

Focused currently on areas of greatest need such as southern Africa and South America, we are now applying CRD in Australia and the UK. We are also creating a series of sister organisations tailored by jurisdiction and context, each with a unique set of partners, including the International Finance Corporation (IFC), Mitsubishi, and the Moquegua regional government in Peru – all connected through our common Purpose.

"We joined the Impact Catalyst in 2021. Since then, there have been many times when we have engaged in robust discussions over the best way forward to resolving some of the critical challenges we face. However, it is hard to think of any other company, government or development actor that is leveraging its unique expertise in regional socio-economic development as systematically and on such an international scale as Anglo American."

Joanne Bate, Chief Operations Officer
The Industrial Development Corporation South Africa

"The major shift is that we aim to empower communities to achieve long term economic prosperity by changing the role of mining to be the catalyst, rather than the sole economic activity."

→ **Themba Mkhwanazi, CEO of Bulk Commodities, discusses how collaboration can be the catalyst for a better Northern Cape**
Visit www.southafrica.angloamerican.com/our-stories/making-collaboration-the-catalyst-for-a-better-northern-cape

The Impact Catalyst in Limpopo

The Impact Catalyst is already established as an important development actor in South Africa's Limpopo, a mainly rural province that is one of the country's poorest, with high rates of unemployment and under-employment, and health and education systems that experience many challenges. Launched in 2019 following extensive spatial analysis of the region, we are implementing several initiatives with a variety of partners to build and increase capacity in areas such as regional development planning, education, health, agriculture, and the environment.

Projects include a five-year community-orientated primary care programme. Working with the University of Pretoria and other partners, we are relieving the intense pressure on doctors by bringing healthcare professionals into homes to identify critical health issues and support the care of community members. We aim to help provide community health support for 3.6 million people through the programme, which we project could avert more than 5,500 premature deaths – and save the health service c.$40 million a year.

We are also bringing technology into people's everyday lives by rolling out projects focused on increasing broadband access for schools; already we have improved online teaching significantly through bringing internet connectivity to around 73,000 learners.

Another focus of the Impact Catalyst initiative is empowering youth, particularly those whose development is being hampered by systemic factors beyond their control, such as historically low educational levels, widespread poverty, and Covid-19.

Social and economic development is harder to deliver than physical infrastructure development, but the effects are more impactful and longer lasting. Anglo American's strong cross-sector relationships, and our ability to pull levers where others can't, bring a unique lens to the business of uplifting regional economies and allow us to introduce tailor-made programmes. A key area we have identified where we can make a real difference, at scale, to economic upliftment, is agriculture – and our CRD programme in Limpopo is a front-runner, with our social performance and supply chain teams working collectively with several partners to create logistics value chains that will help form the backbone of sustainable regional agricultural ecosystems.

5,500+

premature deaths potentially averted

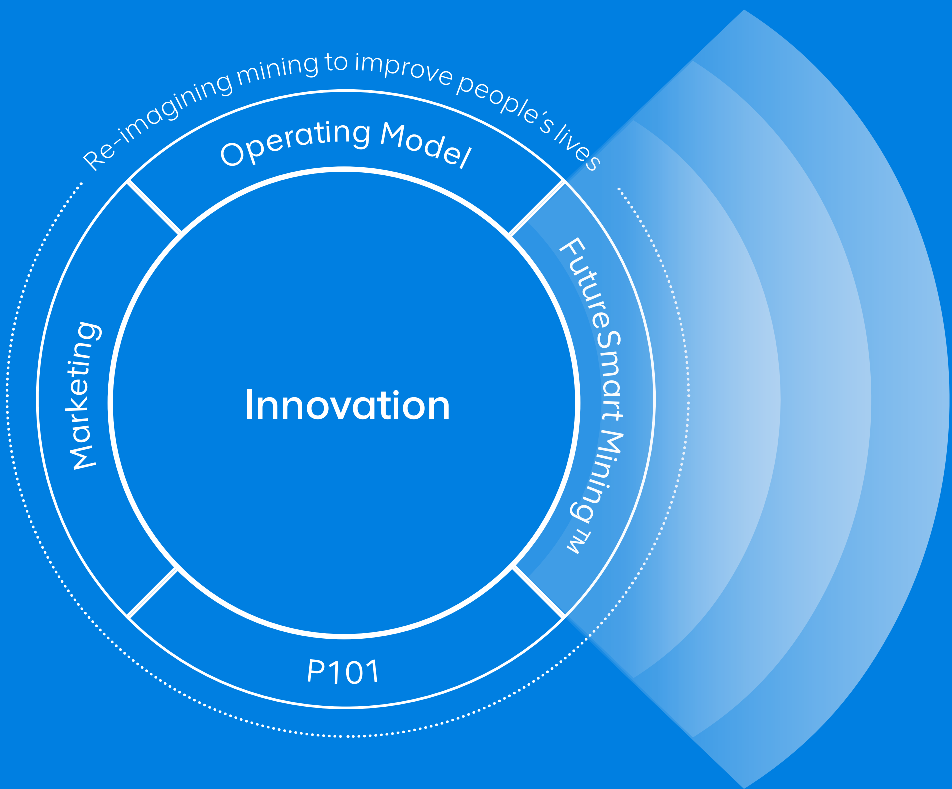
3.6 m

people supported

Our approach to Innovation

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 business, 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 business optimises 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.

→ For more information
See pages 40–41

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.

→ For more information
See page 42

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.

→ For more information
See page 42

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 are helping to 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

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 to our customers.

→ **For more on technology and digitalisation**
See pages 36–37

Sustainability

Our Sustainable Mining Plan, integral to FutureSmart Mining™, is built around three Global Sustainability Pillars and sets out our commitment to stretching goals – driving sustainability outcomes through technology, digitalisation and our innovative approach to sustainable economic development.

→ **For more on our Sustainable Mining Plan**
See pages 38–39

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.

FutureSmart Mining™ has systemic thinking at its core – with real value being realised through multiple new technologies working together. 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 (BOS), coarse particle recovery (CPR), fines flotation, dry processing and novel classification, with their implementation integrated into resource development planning.

Progress in 2021

A full-scale BOS unit, which will deliver improved grade feed to plants through the early rejection of waste, reducing energy consumption, water usage, and unit costs in the process, is now operational at our PGMs business's Mogalakwena North Concentrator. A modular ultra-fines recovery plant has also been constructed there, which will address the industry-wide challenge of reducing ultra-fine mineral losses, with the potential to increase recovery rates by up to 3%.

A Sensor Fusion Loop trial is currently under way in South Africa. The unique facility, which optimises up to 10 different sensors to sort ore materials at the pre-processing stage, incorporates a 200-metre belt that can process the equivalent of 700–800 tonnes of rock per hour and could generate as much as a 5% improvement in metal yield.

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 CPR and hydraulic dry stack (HDS), we are reducing fresh water 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.

Progress in 2021

At our El Soldado mine, a pilot CPR plant has, in just eight months, exceeded targets in energy unit consumption, enabling a 16% increase in copper production without the need for additional energy. The innovative flotation process, which permits material to be ground to a larger particle size, allowing the early rejection of coarse waste and greater water recovery, has already begun producing the coarse waste which will be used in the nearby HDS pilot plant. A full scale CPR plant is under construction at the Mogalakwena North concentrator (PGMs), with start-up anticipated at the start of the third quarter of 2022. CPR has been approved at Quellaveco (Copper) to treat flotation tails. Construction and commissioning are planned following start-up of the main plant in mid-2022.

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.

Progress in 2021

Anglo American's first fleet of autonomous mining trucks has been deployed at our Quellaveco copper project, marking a new milestone in Peru. Currently, there are 22 fully autonomous trucks on site, with plans for a full fleet of 27 automated trucks by the second half of 2022. In addition, the first fully autonomous drill was successfully deployed in the second quarter of 2021, drilling a 16-metre hole in under 15 minutes. The commissioning of the autonomous hauling and drilling is enabling the mining operation to hit its P101 targets across the board sooner than anticipated.

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 integrated digital transformation 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.

Progress in 2021

VOXEL™ enables us to fully optimise our mining operations through an integrated system of digital twins that span the entire mining value chain. Throughout 2021, we have completed a variety of deployments at sites in PGMs, De Beers, Copper and Iron Ore, including solutions for mining, processing, and asset strategy and reliability.

Advanced Process Control (APC) automates complex work and offers up to 40% improvement in stability and productivity through greater data-driven decision making in real time. Substantial process automations have been delivered at Minas-Rio (Iron Ore), Los Bronces (Copper), Kumba (Iron Ore) and Mogalakwena (PGMs). Our ambition is to deliver 95% APC control over all automatable processes by the end of 2022.

In the first quarter of 2021, in Santiago in Chile, an Integrated Remote Operation Centre (IROC), the first of its kind for Anglo American, began operating, using artificial intelligence (AI), augmented reality, and remote-operation technology to enable Los Bronces copper mine to be run remotely from the IROC.

Sustainable Mining Plan

Our Sustainable Mining Plan, integral to FutureSmart Mining™, is built around three Global Sustainability Pillars and sets out our commitment to stretching goals – driving sustainability outcomes through technology, digitalisation and our innovative approach to sustainable economic development.

Environment

Healthy Environment

Maintain a healthy environment by creating water-less, carbon neutral operations and delivering positive biodiversity outcomes.

Climate change
To be carbon neutral across our operations.

2030: Reduce absolute GHG emissions (Scopes 1 and 2) by 30%. Improve energy efficiency by 30%. Be carbon neutral across 8 of our sites.

2040: Be carbon neutral across all of our operations.

2040: Ambition to reduce Scope 3 emissions by 50%.

Biodiversity
To deliver net positive impact (NPI) across Anglo American.

2021: NPI methodology, biodiversity value assessments and site-specific indicators in place at high risk environments. Establish biodiversity frameworks, processes and resources to enable mitigation across the mining lifecycle. Formalise partnerships to support NPI.

2030: Deliver NPI on biodiversity across Anglo American.

Water
To operate water-less mines in water scarce catchments.

2030: Reduce the withdrawal of fresh water by 50% in water scarce areas.

Social

Thriving Communities

Build thriving communities with better health, education and levels of employment.

Health and well-being*
Relevant SDG targets for health to be achieved in our host communities.

2022: Baseline established and strategies in place at every site to achieve the SDG 3 health targets.

2025: Operations to be halfway to closing the gap between baselines and 2030 targets.

2030: SDG 3 targets for health to be achieved in our host communities.

Education
All children in host communities to have access to excellent education and training.

2021: Baselines and strategies in place at every site.

2025: Schools in host communities to perform within the top 30% of state schools nationally.

2030: Schools in host communities to perform within the top 20% of state schools nationally.

Livelihoods
Shared, sustainable prosperity in our host communities.

2021: Baselines and strategies in place at every site.

2025: Three jobs created/supported off site for every job on site.

2030: Five jobs created/supported off site for every job on site.

Critical foundations

These form the common and minimum requirements for each of our operations and our business as a whole. The Critical Foundations are essential to the long term credibility and success of both the Sustainable Mining Plan and our social licence to operate.

Leadership and culture
We are a leader in an industry critical to all our futures – our products are changing the world. We foster a culture combining technological innovation with utmost consideration for our employees and everyone we interact with.

Zero harm
Zero harm is always our primary objective. We are getting there through creating an environment where every employee feels confident enough to do the right thing by speaking out each time they encounter a situation they feel is potentially unsafe.

Human rights
We respect the UN and other international agreements recognising human rights. We work with governments at all levels and other authorities to ensure human rights are understood and protected as we strive to improve lives and livelihoods in our host communities.

Inclusion and diversity
This is a business-critical issue for us. We believe we must draw from the widest possible talent pool, and especially ensure continuing higher female representation at all levels, if we are to enhance our performance and maintain a competitive advantage.

*Due to the ongoing effects of the Covid-19 pandemic, the Board's Sustainability Committee agreed to extend the targets from 2021 to 2022.

Governance

Trusted Corporate Leader

Develop trust, provide ethical value chains and improve accountability to the communities we work with.

Local accountability*
Transform the relationship between mines, communities, and wider society.

2022: Establish accountability forums at all mine sites.

2025: High quality dialogue and programmes resulting from forums.

2030: Establish open and accountable dialogue, leading to greater mutual trust.

National and international accountability*
Transform the relationship between mines, communities, and wider society.

2022: Governments and civil society agree to participate in stakeholder accountability forums, and agree benchmarks/indices and responsibilities.

2025: Continued dialogue on reporting and responsibilities.

2030: Recognition of benefits and challenges of responsible mining; a more consensual working relationship between Anglo American and society.

Policy advocacy
Collaboratively take a lead on issues that affect our business and society's wider goals.

2021: Finalise advocacy plans to support key sustainability issues. Provide university scholarships in good governance for stakeholders in regions where we operate.

2025: Regular involvement in priority policy and governance debates.

2030: Recognition of our leadership on policy advocacy. Strong levels of engagement in policy debates.

Ethical value chains*
Support and reinforce positive human rights and sustainability outcomes through our value chain.

Mine certification and responsible sourcing

2022: Half of operations to undergo third-party audits against responsible mine certification systems. Responsible sourcing standard fully implemented.

2025: All operations to undergo third-party audits against responsible mine certification systems.

Group standards and processes
Our Group standards and processes include our Code of Conduct, Human Rights policy and underlying standards, and Responsible Sourcing Standards for Suppliers, which are aligned with global initiatives such as the UN's SDGs and the Kimberley Process for diamonds.

Compliance with legal requirements
Meeting applicable legal requirements is an essential part of our business globally and is critical to building trust in all of our stakeholders.

Collaborative Regional Development

Our innovative partnership model to catalyse independent, scalable and sustainable economic development in regions around our operations – the objective being to improve lives by creating truly thriving communities that endure and prosper well beyond the life of the mine.

Regional Spatial Analysis
This innovative approach starts by identifying socio-economic development opportunities with the greatest potential in a region via spatial planning and analysis.

Planning and implementation in partnership
The information from the regional spatial analyses enables us to develop plans, secure funding and implement sustainable development opportunities.

Five-year site plans

We have tailored five-year local plans for each of our sites and Group functions to address the unique challenges across our operations. Each one is developed to support our Global Sustainability Pillars and stretch goals as well as our critical foundations and Collaborative Regional Development.

Sustainable Development Goals

Our Sustainable Mining Plan is built around three Global Sustainability Pillars designed to support the UN's SDGs. Each pillar has three Stretch Goals that we must reach by 2030 and further goals and ambitions that we will add to these as we progress. They are deliberately ambitious and designed to challenge us to lead and innovate.

Healthy Environment

Thriving Communities

Trusted Corporate Leader

Our Marketing business

We have transformed the way we sell our products to customers, by building long term direct commercial relationships and providing a seamless mine-to-market value chain.

Our Marketing business is designed to optimise the value from our mineral resources and market positions for the benefit of all our stakeholders, including by demonstrating the high sustainability standards we are committed to. Our customers, serving many of the world's most critical industries, are at the heart of the processes that connect our metals and minerals with those who ultimately need and value them. By understanding, addressing, and anticipating our customers' specific needs, and evolving our capabilities in the financial and physical markets, we are taking an active role in building tailored materials solutions and successfully bringing them to market for our customers.

Our approach

We offer a reliable supply of essential natural resources, whether from our own mine portfolio or through complementary third-party production from qualified partners. Our broad range of integrated product solutions – which are responsibly produced, sourced and delivered – optimally fulfil customer requirements, and are supported by consistently high quality service.

We take a market-led approach to our mining and processing decisions and, through integrated planning, drive efficiencies across our value chain. This allows us to anticipate and respond to changes in demand, commercialising the products our customers need and want at any given time. Our trading activities allow us to use our scale and market insight to ensure security of supply and to help mitigate risk for our customers.

We have continued to build out our sourcing and origination network to expand our supply capabilities, allowing us to enhance our resource flows across a broad range of products – with a focus on those, such as copper and high quality iron ore, that are key to the energy transition – with an offering that is extensive, yet flexible, and consistent with the attributes of our equity portfolio. This safeguards our licence to operate while helping small-scale miners bring their products to market with the benefits of Anglo American's scale and marketing platform.

With the Covid-19 pandemic continuing to affect industry dynamics worldwide, our marketing capabilities have been central to our ability to balance supply and demand for our customers, and to respond to the challenges of an uncertain world.

Sustainability at the heart of our product offering

With growing emphasis from consumers and society more broadly on the importance of an ethical and lower carbon value chain, we have accelerated our product assurance efforts. Our customers, acknowledging that the energy transition will be a metals-intensive shift, are increasingly seeking robust assurance about responsible production. We are building on Anglo American's established sustainable mining credentials to put in place a consistent and comprehensive approach to sustainability screening, due diligence and post-deal management of sustainability risks and opportunities and, as part of our SMP commitments, we aim to have all of our mines verified against a responsible mining standard by 2025.

We are focused on building on the long term relationships we have with our customers and, by joining forces with them and like-minded partners, are shaping an offering that channels the increasing global demand for future-enabling metals and minerals into a requirement for traceable, ethical and sustainable value chains.

Decarbonisation of our value chain

As part of the global response to the challenges of climate change, we have focused on our long term customer relationships to encourage innovative collaborations aimed at advancing decarbonisation efforts for hard to abate sectors, such as steelmaking. With most of our Scope 3 emissions connected to the steelmaking industry, we have placed a particular emphasis on developing partnerships towards industry-wide decarbonisation.

Working with German steelmaker Salzgitter Flachstahl, we are conducting research into feed materials, including iron ore pellets and lump ores, suitable for use in direct reduced iron (DRI) steelmaking based on natural gas and hydrogen – a more sustainable, less carbon-intensive steel production method. With Bahrain Steel, the world's leading iron ore merchant pelletiser, we are converting pellet feed from our Minas-Rio operation into high quality iron ore pellets also suitable for DRI steelmaking, a new addition to our high quality iron ore product offering.

Anglo American has also joined forces with representatives from 62 companies, universities, and organisations from 15 countries as part of an alliance initiated by China's Baowu, the world's leading steel producer, with the objective of advancing the engineering and industrialising of low carbon steelmaking technologies.

Our decarbonisation efforts extend to the way we connect our mines with customers. We are exploring a comprehensive range of long term actions designed to guarantee sustainable shipping operations, complemented by regular performance and emissions reporting. As part of this approach, we have set an ambition to achieve carbon neutrality by 2040 for the ocean freight activities we control, with an interim 30% reduction in emissions by 2030 against a 2020 baseline.

Developing new applications for our products

As demand trends shift over time, we work to nurture additional sources of sustainable demand for our products – particularly those for which we are a leading global producer. Our integrated approach includes advancing, financing and backing new technologies – from the spark of an idea, through commercialisation, to engineering and sustaining scale – supporting entrepreneurial projects and scientific research, while advocating for responsible policy frameworks that enable a favourable long term investment environment. The role of PGMs in the hydrogen economy is one such example in our portfolio.

Through our PGMs Market Development team, we actively support the advancement of hydrogen solutions in several industries, including bringing together participants from across the transport value chain to promote the adoption of PGM-containing FCEVs, particularly well suited for heavy duty forms of transport.

In particular, we are facilitating the creation of consortia to promote the development of hydrogen freight corridors in a number of geographies, especially in South Africa, one of the world's leading producers of PGMs. These projects are aimed at supporting the introduction of hydrogen as a transport fuel for the difficult to decarbonise sectors of high mileage and heavy duty truck and van fleets.

→ For more on the 'Hydrogen Valley' in South Africa
See page 44

We are also capitalising on our experience through a range of collaborations and focused investments, including via PGM-focused venture capital fund AP Ventures LLP, which today manages a total of $395 million in assets – to explore potential applications for hydrogen technology in the steel production process.

Our venture building programme, introduced in 2021, brings together our capabilities to drive more sustainable, diversified and innovation-led demand growth for PGMs. This involves taking innovative ideas with potential for scale and creating enterprises around them, developing the strategy, brand, team and growth capital they need to succeed. During 2021, we entered into partnerships to develop carbon neutral feedstocks, with a focus on technology development and ways to improve the commercial viability of solutions with the potential to reduce the environmental impact of the entire CO_2 supply chain.

▲ In June 2021, our Shipping team successfully trialled the use of sustainable biofuel to power a chartered Capesize vessel from Singapore to South Africa.

Shipping – navigating the transition to cleaner ocean freight

Anglo American's key emissions commitments, as set out in our most recent Climate Change Report and embodied by our Sustainable Mining Plan, include achieving carbon neutral mining operations by 2040. In 2021, we have extended our efforts by setting an ambition to reduce our Scope 3 emissions by 50%, also by 2040, and to achieve carbon neutrality across our controlled ocean-freight activities by the same time, with an interim 30% reduction in emissions by 2030.

Anglo American has already attained high standards in vessel efficiency across its chartered fleet, which today transports more than 70 million tonnes of dry bulk products per year to customers around the world. We are now exploring a comprehensive framework of complementary sustainability measures, to be backed by regular and validated emissions performance reporting. Vessel retrofits, the use of voyage optimisation software, and support for technology development to help enable the switch from conventional fuel oil to sustainable marine fuels, are all part of our efforts to decarbonise ocean-freight activities.

In 2020 and 2021, we awarded contracts to build a total of 10 new liquefied natural gas (LNG)-fuelled Capesize+ vessels for our chartered fleet. Anticipated environmental benefits include a c.35% reduction in carbon emissions compared with standard marine fuel, while also using new technology to eliminate the release of unburnt methane, or so-called 'methane slip'.

Anglo American is also participating in industry efforts to accelerate the development of alternative low carbon and zero carbon fuels. We conducted a successful trial using sustainable biofuel, converted from waste cooking oil from Singapore's food and beverage industry, to power a chartered Capesize ship during a voyage from Singapore to South Africa, with the aim to bring biofuel into our marine fuel mix. We are also part of a consortium, led by Japan's Itochu, that is studying the viability of green ammonia to fuel ocean-going vessels.

Recognising the potential of hydrogen in enabling a carbon neutral pathway for ocean freight, we recently joined forces with Hydrogenious Maritime AS, a joint venture between Hydrogenious LOHC Technologies, a portfolio company of AP Ventures (in which Anglo American is invested) and Johannes Østensjø dy AS. The two companies will collaborate to explore the use of emission-free liquid organic hydrogen carrier-based applications for Anglo American's chartered fleet. We are also exploring opportunities to align our efforts on the development of zero carbon fuel for maritime operations to larger hydrogen supply chains in South Africa and Chile.

As well as significant investment, collaboration is vital in bringing about effective solutions and in achieving a zero-emissions maritime sector. As a partner of the Global Maritime Forum, we contribute to a series of cross-industry forums. In 2021, we joined more than 200 industry players as a signatory of the Call to Action for Shipping Decarbonisation, calling for decisive government action to enable full decarbonisation of international shipping by 2050.

Operating Model

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

The Anglo American 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. We have successfully implemented the Operating Model across all managed assets and cemented a strong foundation for safe and sustainable business performance. We are now leveraging the power of our digital transformation platform, VOXEL™, to digitise our Operating Model, enabling integrated data, streamlined business processes and enhanced management systems.

We continue to build organisation capability across the core disciplines of operational planning, work management and performance improvement, supported by a comprehensive set of advanced learning resources which enable all our employees to understand, adopt and sustain our Operating Model.

P101

P101 is our transformational asset productivity programme that builds on the stability provided by our Operating Model. It improves the performance of our most value-accretive processes in our value chain to achieve best-in-class benchmarks, then pushes the capability boundary further, establishing new industry benchmarks in terms of effectiveness, efficiency and sustainability.

Our programmatic approach includes P101 sprints – which seek to identify, prioritise, and ultimately eliminate operational instability and system constraints that prevent the realisation of full value from assets – with more than 20 sprints already deployed across eight operations. By applying structured business improvement methods within the 'Analyse and Improve' process from the Operating Model at Minas-Rio, for example, we have optimised the primary crusher control system to reduce micro-stoppages by 50% and enable a 75% reduction in overload events on the overland conveyor.

Adopting a P101 mindset has resulted in significant productivity improvements across the Group. Within our mining operations, Capcoal in Australia operated their primary rope shovel at an Overall Equipment Effectiveness (OEE) of 88%; Mogalakwena achieved a 25% improvement in shovel performance; and Minas-Rio in Brazil achieved 6,000 direct operating hours and greater than 110% nominal payload across their truck fleet. Similarly, within our processing operations, improved plant stability and capability at Los Bronces resulted in some of the highest throughput performances on record, with the Confluencia plant achieving an operating time of 95%, as well as new production records at our PGMs smelting and refining operations.

Our focus on sustaining performance improvements is paramount. We systematically codify and standardise high performance through Anglo American's Best Practice Principles. Compiled by technical and operational experts, these resources provide a structured approach to accelerate how we embed operational excellence across our operations to deliver and sustain P101 performance.

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 integrated digital transformation platform, VOXEL™, as well as the delivery of growth projects. By 2023, we expect to deliver $3.5–4.5 billion annual of underlying improvement, before inflation, relative to 2017.

FutureSmart Mining™

FutureSmart Mining™ has systemic thinking at its core – with the greatest value being realised through multiple new technologies working together.

▲ Bulk ore sorting machinery in operation at El Soldado mine site.

El Soldado – transitioning from mine to technology hub

El Soldado may be one of Anglo American's smaller assets, with an estimated life of mine of just six years, but it is enjoying a remarkable renaissance as a FutureSmart Mining™ hub for piloting certain of our mining and processing technologies.

A great benefit of this experimental hub is that we are able to trial a number of emerging technologies simultaneously, in real time and at scale. These include:

Bulk ore sorting (BOS) – BOS pre-concentrates mined ore. Composition-sensing technology detects the concentration of the elements of interest (copper, in this case), as well as the amount of waste material, within the ore-bearing material. The 500 tonne per hour demonstration plant is fully operational and has led to a 7–10% increase in feed grade, and higher plant throughput, while significantly reducing energy and water consumption per pound of copper produced. BOS plants are also now operating at our Los Bronces (Copper), Barro Alto (Nickel) and Mogalakwena (PGMs) mines.

Coarse Particle Recovery (CPR) – CPR technology allows larger-size particles of material to be processed, reducing the need for grinding to a smaller size and, thereby lowering energy consumption while also making it easier to drain the water from the material and recycle it, as well as create drier tailings. CPR is a key initiative to increase throughput and productivity and has already realised energy-intensity savings (i.e. per pound of copper) of around 16%. The El Soldado plant, which was commissioned in the first quarter of 2021, is using a single 5-metre diameter HydroFloat™ cell, the largest in the world, to treat 100% of mill throughput. Full scale plants are under construction at Mogalakwena (PGMs), approved for Quellaveco (Copper), and in planning at Los Bronces (Copper) and Minas-Rio (Iron Ore).

Hydraulic Dry Stack (HDS) – HDS is a patented dry-storage technology, developed by Anglo American, which utilises the 'throw-away' free-draining sands and slurry from CPR and other processes. In the HDS process, the slurry and sand are combined into a layered 'sandwich' for the dry stacking of waste material. This significantly increases water recovery and recycling volumes, thereby reducing freshwater consumption, while creating stable, re-usable land instead of a traditional wet tailings storage facility. HDS plants are being considered for Collahuasi (Copper), Mogalakwena (PGMs) and Amandelbult (PGMs).

The three technologies, when combined, are already delivering significant energy savings and water recovery rates – critically important in drought-prone countries – while facilitating a shift away from traditional 'wet' tailings storage facilities, to 'dry' stacking of waste material.

Throughout 2021, we have implemented numerous research and development projects at pilot or full scale at our operations, with many of those projects key to achieving our climate change ambitions. For example, we are developing a proof of concept 200-tonne hydrogen-powered mine haul truck – the world's first to be powered using green hydrogen – which is currently being trialled at our Mogalakwena PGMs mine in South Africa, as well as a renewables programme, which aims to fund and deliver renewable energy to our operations in southern Africa.

→ **For more on progress in 2021**
See pages 36–37

Climate change

Climate change is the defining challenge of our time and our commitment to being part of the solution to climate change is embedded across the business. We continue to align our portfolio with the needs of a low carbon world; we are transforming our operations towards carbon neutrality; we are pushing for decarbonisation along our value chains; and we are considering carefully the social and wider environmental inter-relationships associated with our decarbonisation journey.

Our approach to climate- related risk

At Anglo American, we recognise the reality of climate change, while acknowledging that the longer term impacts to the business remain uncertain. As a consequence, our risk management processes embed climate change in the understanding, identification and mitigation of risk. We have complied with the TCFD recommendations for reporting on climate-related risks, as detailed on pages 102–103 of this report.

The nature of climate change means that climate-related risk cannot be managed independently of wider business strategy. Anglo American is well placed to respond to the challenges and opportunities we face as the climate changes, including being strategically and physically resilient for the future.

→ **For more on Anglo American's principal risks, including Climate change**
See pages 60–67

Our work to reduce greenhouse gas (GHG) emissions

Our commitment to helping address climate change is underpinned by our work to reduce our operational 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, we are now targeting carbon neutrality across our operations by 2040, with eight sites set to be carbon neutral by 2030. And in 2021, we announced our ambition for a 50% reduction in Scope 3 emissions, also by 2040, against a 2020 baseline.

Delivering on our ambitions

A pathway to carbon neutrality

Our Energy and CO_2 Management (ECO_2MAN) programme has been a central part of the way we have understood and then driven reductions in our operational (Scopes 1 and 2) GHG emissions since 2011. The programme has enabled us to analyse our activities and identify operational levers for reducing energy consumption and GHG emissions.

Our ongoing programme for operational emissions reductions is built around four levers:

- Renewable electricity: sourcing 100% clean grid supply for our operations through the procurement or development of renewable energy
- Low carbon power sources: developing integrated green hydrogen production and enabling fuel switching at major opencast mines, together with the electrification or alternative low carbon fuels for other major diesel use applications
- Methane capture: improved methane drainage and the introduction of oxidation technology to substantially abate ventilation air methane and enhance the safety of our operations
- Energy efficiency: Through the ongoing roll-out of business improvements and our step-change FutureSmart Mining™ technologies such as bulk ore sorting, coarse particle recovery and digitalisation projects.

In 2021, approximately 46% of Anglo American's total electrical energy needs were met by renewable energy sources. In 2021, our managed operations in Chile switched to electricity sourced exclusively from renewable sources. We have also signed contracts in both Peru and Brazil that will allow all of our operations in South America to run on renewable electricity, such that by 2023, we expect to be drawing 56% of our grid supply from renewables.

Decarbonising our value chains

We are committed to playing our part to mitigate the impact of our value chain emissions, while recognising that the nature of Scope 3 emissions is that they are largely outside our direct control. Emissions from the steel value chain make up the significant majority of our Scope 3 emissions and, informed by our assumptions on the speed of decarbonisation of the steel value chain, we have an ambition to reduce our Scope 3 emissions by 50% by 2040.

We also believe that industry-wide engagement and co-operation that spans our customers and other stakeholder groups – and includes our leadership of, and participation in, industry associations – is fundamental to our efforts to facilitate a sustainable energy transition.

Our focus has been on collaborating to accelerate the use of hydrogen and high quality input products (premium quality iron ore and metallurgical coal) in steelmaking, as well as carbon capture and storage technologies, including at some of our operations. We also work with trade associations, suppliers and customers to identify and support technologies and projects which can reduce our products' downstream carbon footprint.

→ **For more on how we help achieve greener steelmaking,**
See page 92

Portfolio evolution and resilience

We have evolved our portfolio in recent years towards a greater focus on future-enabling metals and minerals such as copper, PGMs, nickel and premium quality iron ore. These are critical products for renewable electricity generation and distribution, for the electrification of transportation (in all its forms) and for other innovative and emerging technologies such as smart grids and the hydrogen economy.

The exit from the last of our thermal coal operations, the commissioning of the Quellaveco copper project in Peru (expected mid-2022), and the ongoing development of our Crop Nutrients business represent the latest steps in the evolution of our portfolio.

We assess Anglo American's financial and strategic resilience across a range of scenarios, including a 3°C, 2°C and 1.5°C pathway. For this assessment, we focus on existing assets and organic growth opportunities, upon which we overlay key risks and opportunities across our portfolio for the scenarios.

Anglo American's business model and product portfolio are expected to remain resilient across all scenarios, given our exposure to metals and minerals that support both the energy transition and global consumer demand trends, the high quality of our assets, and strong organic growth optionality.

Policies and governance

Anglo American applies a principled and consistent approach throughout our climate change governance and management systems. We embed our climate change principles in all aspects of our business to ensure that they remain aligned with our commitments and ambitions.

South Africa's Hydrogen Valley

In South Africa, the Hydrogen Valley initiative is showing the possibilities that can be unlocked through a Just Transition to a lower carbon world. The hydrogen valley concept has already been proven in a number of other countries as an engine for advancing the commercial viability of emerging green technologies and their ability to reduce emissions.

The initiative was announced in March 2021, when Anglo American signed a collaboration agreement with South Africa's Department of Science and Innovation (DSI), energy and services company ENGIE, the South African National Development Institute (SANEDI) and clean energy solutions provider Bambili Energy. Under the agreement, the parties committed to conducting a feasibility study for the construction of hydrogen hubs stretching more than 800 kilometres: from our Mogalakwena PGMs mine in the Bushveld complex in the north east of South Africa, along the industrial and commercial corridor to Johannesburg, and on to Durban, the country's major Indian Ocean port.

▲ Power engineer Carl Van Den Ordel makes adjustments to equipment during the construction of the hydrogen plant at our Mogalakwena PGMs mine.

In October 2021, the DSI published the Hydrogen Valley Feasibility Study Report following the completion of the feasibility study. This milestone brings the launch of the Hydrogen Valley one step closer after South Africa's cabinet recently approved the National Hydrogen Society Roadmap and phase 3 of the country's Economic Reconstruction and Recovery Plan.

The core elements of phase 3 of the Economic Reconstruction and Recovery Plan – 'reconstruct' and 'transform' – entail building a sustainable, resilient and inclusive economy. Consistent with these goals, South Africa's Hydrogen Valley has the potential to unlock growth, rejuvenate industry and enable exports of green hydrogen.

The feasibility study identified three possible hubs: Johannesburg, extending to Rustenburg and Pretoria; Durban, encompassing the city itself and Richards Bay; and Limpopo province, centred around Mogalakwena. It also recommended that developers prioritise nine key pilot projects across these hubs that span the transport, industrial and construction sectors.

Examples of the critical role that PGMs are playing in the emerging hydrogen economy include their application as the catalyst in FCEVs and in the production of hydrogen itself from water. There is also our groundbreaking project to develop the first fully operational hydrogen fuel cell electric mine haul truck at Mogalakwena.

In collaboration with our partners, we are working to revitalise and decarbonise key industrial sectors, develop cleaner technologies, forge new business opportunities and create jobs. Aligned with the South African Hydrogen Society Roadmap, the Hydrogen Valley initiative is exploring the integration of hydrogen into the national economy by capitalising on South Africa's position as one of the world's leading producers of PGMs and the country's significant solar and wind energy potential.

Policy approach

Our approach to climate change is based on five key policy principles:

- Building internal agility and ensuring resilience to climate change
- Driving energy and carbon savings throughout our business
- Understanding and responding to the carbon lifecycle risks and opportunities of our products
- Developing and implementing collaborative solutions with our stakeholders
- Contributing our skills and knowledge to the development of responsible public policy.

To give greater definition to our approach, we detailed the public policy positions on a range of climate-related issues.

→ **For the latest independent assessment and our detailed response, see** www.angloamerican.com/industry-association-audit

Governance and executive remuneration

The Board's Sustainability Committee is responsible for assessing climate change related topics. The committee oversees, on behalf of the Board, material policies, processes and strategies designed to manage climate-related risks and opportunities.

Matters relating to climate change are included in quarterly reports to the committee, and as stand-alone items on the agenda where necessary. The chair of the Sustainability Committee provides a summary of the committee's discussions at the Board, which addresses the most material issues considered by the committee.

In 2021, the Board agreed to direct its climate change focus to the workstreams that underpin our carbon neutrality targets and ambitions and to devote more time to the circular economy and its consequences for Anglo American's strategy.

The executive team is accountable for aligning our business practices with our climate change commitments and ambitions. We currently have measures in our Long Term Incentive Plan (LTIP) awards that are directly linked to the reduction of operational GHG emissions, energy efficiency and the reduction of freshwater abstraction.

Performance
In 2021, our Group emission intensity was 6.5 kt CO_2equivalent emissions per tonne of copper equivalent production. In 2021, our operations were responsible for a total of 14.8 million tonnes of CO_2-equivalent emissions (Mt CO_2e) (2020: 16.1 Mt CO_2e), of which 9.0 Mt CO_2e were Scope 1 emissions and 5.7 Mt CO_2e were Scope 2 emissions. This represents an 8% decrease compared with 2020, owing to a reduction in Scope 2 emissions from our Chilean operations, where grid supply was sourced from 100% renewables from the start of the year; a decrease in Scope 1 emissions due to the temporary suspension of operations at certain metallurgical coal assets in Australia; and the lower emissions reported by the thermal coal assets in South Africa, where data is included up to the end of May 2021. Our total energy consumption increased to 85 million GJ (2020: 81 million GJ).

In 2021, we undertook a Groupwide Scope 3 emissions assessment, covering the period 1 January 2020 to 31 December 2020. The emissions from this period were 115 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/climate-change-report-2021

Protecting our natural environment
We are committed to being stewards of the natural environment in which we operate. We seek to minimise the footprint of our operations on the land and ecosystems. Today, digital technologies provide us with dynamic new tools to not only monitor our impact on the environment, but also to predict and mitigate risks. We direct our efforts towards delivering positive and lasting environmental outcomes for our host communities and the planet as a whole.

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 transformation 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.

Our approach and policies
Aligned with our Purpose, Values, and internationally recognised safety, health and environmental standards (ISO 45001 and 14001), our Safety, Health and Environmental (SHE) Policy embodies three guiding principles: zero mindset; no repeats; and non-negotiable minimum standards.

In February 2021, we launched our refreshed SHE Way V.2, the management framework that we use to implement the SHE Policy. The new standard was released with a set of eight technical specifications to support practitioners in SHE Way implementation and more than 30 tools to enable consistent best practices in applying the new requirements.

In addition, we developed the SHE Way Readiness Assessment to replace our Self-Assessment. It now serves as an internal assessment tool for the SHE Way, an internal audit tool for ISO 45001 and ISO 14001 certifications and a preparatory assessment for external ISO certification audits.

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

In spite of the continuing challenges posed by Covid-19, in 2021 we made significant progress:

- We continued to work in partnership with NGOs, international institutions and governments to advance our biodiversity agenda and gain expert insight and were pleased to join the Taskforce on Nature-related Financial Disclosures (TNFD), which is committed to facilitate action and reporting on evolving nature-related risks.
- Kumba Iron Ore has agreed with our principal tyre supplier to collaborate on a circular-aligned solution for end-of-life mining tyres. The objective is to create a sustainable business that can benefit a range of stakeholders in the Northern Cape and beyond by creating tyre-derived products and markets.

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 discusses them through its Sustainability Committee.

In 2021, for the ninth consecutive year, we saw no Level 5 environmental incidents at our managed operations. We recorded no Level 4 incidents and one Level 3 incident.

Water
Water stewardship is an integral part of our business and we welcome this role as we work to meet the Sustainable Mining Plan's water goals. Around the world, we operate in water stressed and water scarce areas, factors that are becoming more acute due to climate change.

We work with our stakeholders to not only minimise risk but unlock opportunities in a changing world. Our approach to water management is embedded in our business plans and aligned with the Social Way, which recognises that access to water is a priority for our stakeholders. We are guided in our work by our Group Water Policy and the Group Water Management Standard. The standard incorporates water issues into the lifecycle of any project, from site selection and early studies, through design to operation, closure and post-closure.

In 2021, our water team continued to work with each of our operations and business units to identify opportunities to achieve our Sustainable Mining Plan goal of reducing Groupwide freshwater withdrawals in water scarce areas by 50% by 2030. Using the World Resources Institute's Aqueduct tool, 83% of our sites are in areas with medium to high water stress.

We have increased water efficiency (recycling and reuse) across the Group. In 2020, we attained our SMP target of 75% efficiency and, in 2021, our efficiency reached a new peak of 83%. There was one Level 3 incident reported in 2021, the first since January 2020. Total water withdrawals amounted to 177 million m^3.

Mineral residue management
The management and storage of waste rock and processed mineral residue – known as 'tailings' – remains a critical issue for the global mining 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. Our Group Technical Standard addresses the risks of both tailings and water-retaining facilities, 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 beyond best practice to set even higher standards.

The Global Industry Standard on Tailings Management (GISTM), published in August 2020, represented a vital step forward for the global mining industry. It was the product of the Global Tailings Review, which was co-convened by the United Nations Environment Programme (UNEP), Principles for Responsible Investment (UNPRI), and the International Council on Mining and Metals (ICMM).

▲ In July 2021, representatives from our longstanding partner in biodiversity conservation, Fauna & Flora International, travelled to our Crop Nutrients' Woodsmith site in north east England. During their visit, Crop Nutrients' environmental officer Charlie Bell and our chief executive Mark Cutifani took part in eDNA sampling.

Woodsmith – re-imagining mining responsibly and sensitively

Our approach to environmental stewardship applies ecosystem-thinking to promote enduring, positive environmental outcomes for the areas in which we operate. To achieve the vision articulated in the Healthy Environment pillar of our Sustainable Mining Plan, we work diligently to protect the biodiversity of those areas, minimise our water use, reduce the amount of waste we generate, and address air quality and noise.

We are developing our Crop Nutrients' Woodsmith mine in a particularly biodiversity-sensitive place: the North York Moors National Park in north east England. As the polyhalite deposit can only be accessed from within the National Park, extensive steps were taken from the outset to limit the mine's impact on the surrounding environment and its delicate ecosystems.

Woodsmith's entire infrastructure has been planned and designed for minimal intrusion on this unique protected landscape. The mining area will be underground, and the mined ore will not be visible on surface, as it will be transported by conveyor through a 37-kilometre tunnel to the Teesside port materials-handling facility. All mineshaft workings too are being completely hidden underground, and the number and size of the buildings on the surface have been reduced to a minimum.

The buildings are designed to look like agricultural barns, in keeping with the surrounding rural environment, which together with extensive landscaping and planting, will ensure the mine site is screened and blends in with the surrounding area.

We have long believed that our responsibilities extend well beyond the mine fence. Since our acquisition of the Woodsmith project in 2020, we have worked particularly closely with our longstanding partner, Fauna & Flora International, as well as with other organisations and authorities, on our biodiversity commitments in general and how we can provide assistance to support local projects designed to safeguard and enhance the natural environment.

One such project is centred on nearby Cropton Forest, home to a variety of wildlife and watercourses. Here, we are providing financial assistance to a recently created enclosed beaver sanctuary, a project led by Forestry England. Although it is too early to assess what the lasting effects will be, the re-introduction of beavers elsewhere has shown that their dam building helps to slow the flow of watercourses, reducing the risk of flooding for downstream communities – while also bringing benefits for insects, birds, amphibians and bats through the ponds and lakes created by the dams.

In 2021, we continued to update our Group Technical Standard. We are developing a detailed plan based on a gap analysis and specific reviews of our sites. This work demonstrated a need to make some adjustments to align fully with the GISTM.

Throughout the year, we worked to update, enhance and standardise our critical control systems for all of our tailings facilities. We made significant progress during the year and are now rolling out the new systems at our largest facilities. We have rolled out an electronic dashboard system across our operations and plan to augment this current functionality to include remote instrument monitoring, live-feed data reporting and integration with critical controls.

The evolving use of satellite, drone and remote monitoring solutions continue to provide us with vital additional modalities on top of physical, on-site inspections. During 2021, we prepared to launch monitoring using Interferometric Synthetic Aperture Radar (InSAR) satellite technology. InSAR uses radar signals reflected off a surface to measure deformations over time. The results can be viewed on site or at the business unit and Group executive level. During the year, we reviewed the technology and shortlisted vendors, with a view to implementing InSAR across our operations in 2022.

Playing our role in society

As a global business, we see it as our role to make a positive contribution to society. We are continuing to implement our industry-leading social performance management system for the global extractive sector, the Anglo American Social Way 3.0. It represents a comprehensive and innovative approach to how we interact with our host communities that prioritises respect and mutual benefit for all stakeholders.

Through our Collaborative Regional Development (CRD) approach, we work to catalyse independent, scalable and sustainable economic development in regions around our operations to support our Sustainable Mining Plan commitments. 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 matters 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 social performance management framework for all Anglo American-managed sites, at all phases of development. Aligned with our Purpose and our strategic business objectives, the Social Way 3.0 embeds international standards and best practice and 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.

We have made the Social Way 3.0 publicly available for other companies to use, and, just as importantly, so stakeholders know what our standards are and what they can expect of us.

Assessing performance

External, independent assessors carry out annual assessments across all our managed operational sites, as well as De Beers' non-managed joint ventures.

The launch of the Social Way 3.0 in 2020 required us to embark on our most ambitious social performance training programme. Since 2020, we have trained more than 2,000 people at our sites across multiple functions and levels of leadership, from the Group Management Committee to on-site social performance practitioners.

We are now more than two years into our three-year transition to the Social Way 3.0 and, in 2021, we built on lessons learned from the first year of its roll-out to update our assurance framework assessment requirements and site guidance. Throughout the year, our sites progressed with their transition plans, which set out specific activities to implement the Social Way 3.0. We have set a goal of implementing the Social Way 3.0 by the end of 2022.

At the end of 2021, 49% of all Social Way 3.0 foundational requirements were satisfied.

Engaging our local communities

Our Sustainable Mining Plan site-level local accountability goal has been incorporated into our Social Way stakeholder engagement requirements. By 2022, we plan to have in place community engagement forums at every mine site to improve our accountability to local communities and involve them proactively on those aspects of our operations that affect them.

We continue to establish these community engagement forums and are strengthening the approach where similar forums are already in place. The impacts of Covid-19 and local stakeholder sensitivities have presented a challenge for some of our sites. While we aim to establish community engagement forums at every mine site by 2022, we are also committed to taking the time needed to build awareness, support and capacity for the forums to be effective.

Grievances and incidents

We define a grievance as a complaint from an external stakeholder relating to the site, its policies, activities, real or perceived impacts, or the behaviour of its employees or contractors. Grievances are an expression of dissatisfaction with the company on the part of stakeholders. Grievances can be expressed through physical action (such as protests or road blockages); verbally (in the course of discussions with site employees); or in writing.

Stakeholder grievances are caused by incidents: the unwanted events related to site activities that have an adverse impact on the health and safety, economic welfare, personal and political security and/or cultural heritage of stakeholders. An incident with social consequences may arise from a site's technical failure or accident, or a failure to anticipate, prevent or mitigate an impact. Our objective is to avoid incidents, but encourage stakeholders to raise their grievances or concerns with us in a free and open manner. Because of this, we do not measure the number of grievances as a metric of performance but prefer to focus on incidents: the root cause of the complaint. We rate the 'seriousness' of incidents according to the consequences experienced by stakeholders, the most significant being Level 5. During 2021, we recorded no incidents categorised as Level 4 and no incidents categorised as Level 5.

Human rights

We are committed to upholding human rights across our operations and our value chains. To continually improve in this important area, we are embedding human rights as a foundation of the approaches and standards that we apply throughout our business.

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 salient human rights risks. We are also a signatory of the Voluntary Principles on Security and Human Rights and the Business Network on Civic Freedoms and Human Rights Defenders.

We have embedded our approach to human rights and our expectations for suppliers in our Responsible Sourcing Standard for Suppliers. As we seek to ensure that our supply chain remains ethical and free of modern slavery, at a minimum we require every supplier that we onboard to comply with specific standards related to the industries or sectors in which they do business. We have also communicated with suppliers key principles to manage additional pandemic-related risks within their supply chain.

To date, we have published five Modern Slavery Statements in compliance with the UK Modern Slavery Act 2015 and one Modern Slavery Statement in compliance with the Australian Modern Slavery Act 2018.

With great respect for the close connection of Indigenous Peoples to the land, we remain committed to obtaining and maintaining Free, Prior and Informed Consent (FPIC) for all relevant projects, in line with the 2013 ICMM Position Statement on Indigenous Peoples and Mining and IFC Performance Standard 7.

Governance and performance

Consistent with the UN Guiding Principles on Business and Human Rights, we are performing a methodical review of human rights due diligence processes at an operational level to identify gaps and develop more robust guidance for operations. This follows a project conducted in 2020, in which we assessed human rights due diligence gaps in our processes at the corporate level. We are addressing the gaps that we identified by updating corporate processes and, where relevant, adding further due diligence requirements to the five-year sustainable mining plans of our corporate functions.

The most common human rights factors that arose in our grievance and incident management processes across the Group included sexual harassment at work and stakeholder access to water. With regard to incidents involving sexual harassment, we are working with stakeholders to change behaviours and communicate and enforce a zero-tolerance approach. In incidents regarding water provision, we took all necessary steps to restore the main water supply as quickly as possible, making provision for an emergency supply in the meantime.

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 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.

Our approach and policies

The socio-economic contribution we make to the communities in which we operate takes various forms:

- The royalties and taxes we pay (and collect on behalf of governments) add economic value to a country
- Business operations that deliver economic value to communities, enhanced by policies on inclusive procurement, local recruitment and supporting local suppliers
- Long-running socio-economic development interventions, in collaboration with local partners, which address local needs, building and strengthening sustainable local economies that are less dependent on our mines.

Taking a long term view, we design our operations and community development initiatives so that communities and economies continue to thrive, even after our mines have closed.

Cash value distributed to stakeholders

	$ billion	
Suppliers[1]	11.4	38%
Providers of capital	8.1	27%
Taxes and royalties	7.1	23%
Employees	3.7	12%
Corporate social investment	0.1	–
Total	**30.4**	

[1] Includes $5.4 billion of capital expenditure.

Taxes borne and collected: developed vs. developing countries

	$'000	
Developing	6,349	89%
Developed	785	11%
Total	**7,134**	

The economic value we add

By employing people, paying and collecting taxes and spending money with suppliers, we make a significant positive contribution to both our host communities and their regional and national economies. Most of these are in developing countries. Thanks to the multiplier effect, our total economic contribution extends far beyond the direct value we add.

In 2021, we distributed $30.4 billion of cash value to our stakeholders, as detailed in the charts above.

Social investment

In 2021, our Corporate Social Investment (CSI) reached $138 million (2020: $125 million), which represents 0.8% of underlying earnings before interest and taxes (EBIT), less underlying EBIT of associates and joint ventures.

Since the beginning of the pandemic in 2020, we have increased our CSI investment and slightly readjusted our funding priorities, investing more in health.

Anglo American Foundation

Building on the extensive in-kind support and financial contributions as part of our WeCare Covid-19 support programme, in 2021 we donated $100 million to create a special endowment for the Anglo American Foundation. The Anglo American Foundation is focused on accelerating progress towards the UN SDGs, placing a particular importance on programmes that empower women, youth and vulnerable groups. By partnering with non-profit, public and private organisations, the Anglo American Foundation supports health, education, economic and environmental projects aligned with the goals of our Sustainable Mining Plan – itself designed to align with the UN SDGs.

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 17,000+ 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 and industry regulations, and we expect them to meet the Anglo American policies, site requirements and other supply conditions, including our Responsible Sourcing Standard.

Managing sustainability risk

Global supply chains can generate economic growth and contribute significantly to social development – many businesses, therefore, seek to diversify sources of supply or further integrate into new jurisdictions or local economies. However, some markets or regions may not have safe workspaces and labour protection as a non-negotiable imperative, there is an increased risk of potential for 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.

During 2021, we further improved our approach to assessing sustainability risk for new and existing suppliers. We also continued to explore ways to incorporate third-party information to identify new or emerging sustainability risks in existing suppliers.

For example, as part of our responsible sourcing programme, we engaged Dow Jones to run checks on all 17,000+ suppliers with which we have worked in the past 18 months against various external risk data and adverse media sources. We will perform additional due diligence on the <1% of suppliers that these checks identified as posing risks, helping to focus our supplier due diligence on the greatest risks.

In 2021, our operations spent approximately $11.4 billion with suppliers, of which $10.0 billion was with local suppliers. Our expenditure with designated suppliers (Black Economic Empowerment in South Africa, indigenous communities in Canada and Aboriginal suppliers in Australia) was $2.6 billion, representing 23% of total supplier expenditure, including $0.9 billion with host communities in the direct vicinity of our operations.

Engaging with suppliers

Mindful of the ongoing disruption that Covid-19 has caused to supplier businesses since 2020, we received assessments from 163 suppliers (2020: 432). This complements our efforts since 2018, with over 1,200 supplier assessments reviewed for risk.

Due to restrictive measures, the number of on-site supplier assessments during the year was reduced to three (2020: four) and, similarly, plans for face-to-face supplier workshops were deferred until they are deemed safe to resume.

Global CSI expenditure by type[1]

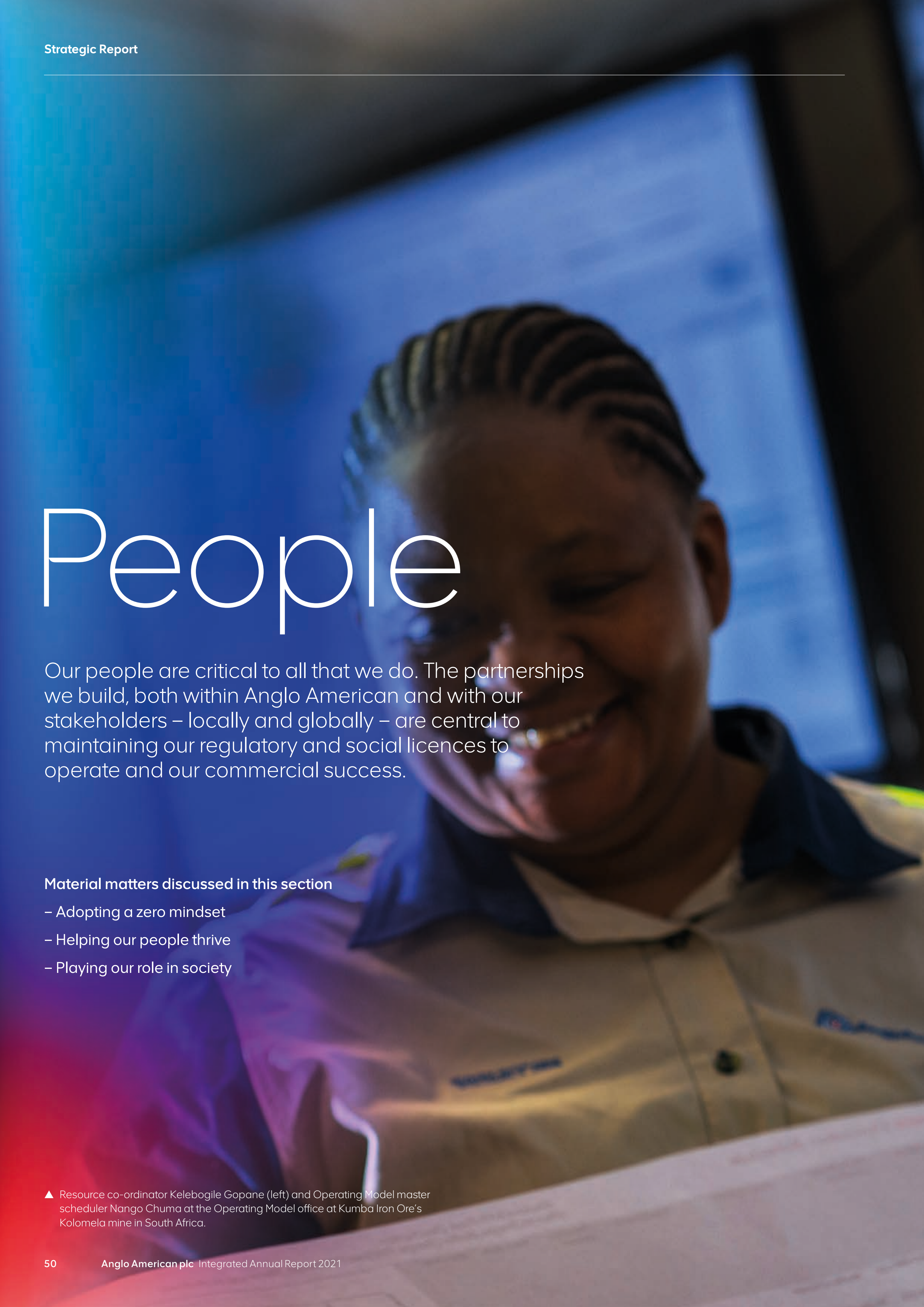
	$'000	
Community development	65,500	47%
Education and training	28,800	21%
Health and welfare	21,400	16%
Water and sanitation	6,500	5%
Other	4,700	3%
Institutional capacity development	3,700	3%
Disaster and energency relief	3,300	2%
Environment	2,200	2%
Sports, art, culture and heritage	1,900	1%
Total	**138,000**	

(1) Discrepancies may occur due to rounding.

Global CSI expenditure by region[1]

	$'000	
Africa	73,100	53%
Americas	60,400	44%
United Kingdom	2,400	2%
Australia	1,100	1%
Rest of World	1,000	1%
Total	**138,000**	

(1) Discrepancies may occur due to rounding.



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

▲ Resource co-ordinator Kelebogile Gopane (left) and Operating Model master scheduler Nango Chuma at the Operating Model office at Kumba Iron Ore's Kolomela mine in South Africa.

▲ At our Crop Nutrients business in the UK, mine rescue training is held at Skinningrove Mining Museum to ensure colleagues are well prepared to deal with any incidents on site.

Supporting safety improvements through culture change

Safety remains our first priority and is our most important value, and it is embedded in our culture at Anglo American. It is how we aim to deliver an injury- and fatality-free workplace, and ultimately achieve our Purpose of re-imagining mining to improve people's lives.

Our safety journey gained further traction in 2018 when we set out our Purpose, and since then we have strengthened our behaviours and systems and listened to what our colleagues have told us they need to support a cultural shift toward purpose-led, high performing teams delivering safe, responsible production.

The journey starts with our Purpose

Led from the top, with both the Board and Group Management Committee as active champions, our Purpose was co-created with colleagues across the company. We then had to ask ourselves: 'what is the culture we need to deliver on our Purpose?'

Our answer was that we needed a culture where safety is integral to making full-impact decisions at all levels of the organisation, whereby a multitude of factors, including safety, the environment, community impact, production and financial aspects are taken into consideration. We have brought this to life for colleagues through refreshed behaviours that define how we can all live our Values every day.

89%*

Colleagues who feel connected to our Purpose

* 2021 Global Colleague Survey conducted in Sept/Oct 2021 which had 27,758 respondents (45% response rate).

Making mining operations safer

Safety remains our overriding and continuous focus. This has led to a dramatic and sustained decrease in losses of life, and a steady decrease in serious injuries. Everybody in the business is a safety leader and our aim is to make everyone determined to bring about, and sustain, a 'zero mindset' future. Safety leaders and safety teams are in place at all levels of Anglo American, and we continue to improve rules, procedures and standards to ensure effective management and control.

These initiatives are being buttressed by the development and adoption of new technologies, along with a focus on remote-working practices that are greatly reducing the number of people in close proximity to the working face of mining operations. Building further on this, our Elimination of Fatalities programme is enabling a more thorough understanding of the causes of fatal incidents, in parallel with supporting a focused programme to address the management of fatal risks, including high potential incidents (HPIs) and high potential hazards (HPHs), currently an area of concern.

Culture, or 'how we do things around here', is central to our understanding of how to eliminate fatalities permanently. Increasingly, we are looking at how we can integrate human factors into the design of safety systems and processes so that it's easy for people to make the right safety choices. We've also taken our Values behaviours a step further and asked, 'what does that mean in terms of a safety practice?' – and we now have a set of safety leadership practices that support the right behaviours – at all levels – that will help to enhance safety maturity.

▲ During the pandemic, we provided employees with smartwatches which alert the wearer if they are in too close proximity to a colleague.

▲ At Crop Nutrients' Woodsmith site, Mark Cutifani addresses employees on our annual Global Safety Day in October 2021.

"One crucial lesson we learned from the employee engagement surveys from the outset was that we needed to pay considerably more attention to psychological safety, and how we should be driving this across our company."

Independent verification and measurement

Over the past three years, we have consistently tracked colleague sentiment through quarterly and annual engagement surveys. The surveys are enabling us to build a picture of how extensively our Values are lived. Measured against the global average, our overall figures are very high.

The data-driven findings are given high priority by senior management and are discussed at Board level; after each survey, action plans are put in place, at both the Group and business unit level, to address areas of our cultural development identified as needing more attention – such as psychological safety.

90%*
Colleagues who feel physically safe

73%*
Colleagues who feel psychologically safe

Psychological safety

Psychological safety is a prerequisite for creating the culture we want and is intrinsic to embedding a safety-conscious mindset in every colleague. It is about every individual feeling confident enough to be able to speak up, contribute ideas, share information, and be heard and empowered to reach their potential, knowing they will be listened to and have the support of others if they raise any concerns – and won't suffer any negative consequences as a result.

One crucial lesson we have learned from the employee engagement surveys is that we need to pay more attention to supporting leaders to create an environment of psychological safety in their teams, and across the organisation.

So, today, we have a Psychological Safety Steering Group, composed of HR, safety, and employee engagement representatives from across our business. This is supported by a four-stage model aimed at creating an inclusive, learning, contributing, and challenging workplace. In turn, our Inclusion and Diversity team regularly interrogates matters around psychological safety, including on challenges around learning and innovation. We are also doing regression analysis to understand the common drivers of, and connections between, psychological safety and physical safety. More broadly, we are embedding psychological safety into an array of other programmes, including our Safety 365 engagement programme which had a theme in 2021 of 'Safe to always be safe'.

→ **Read more about our mission to be completely injury- and fatality-free**
Visit www.southafrica.angloamerican.com/our-stories/focus-on-eliminating-fatalities

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 a 93% reduction in fatal incidents, a 99% reduction in health incidents and a 97% reduction in environment incidents all achieved since 2013.

In 2021, we placed a renewed emphasis on safety. We continued our work towards eliminating fatalities and addressing systemic safety risks across our operations, aligned with our Operating Model, which supports us to do the right work, at the right time, in the right way, to deliver safe and responsible production. We also increased our focus on building safety capability and supporting the right safety behaviours. Our Group Safety function has been further strengthened in 2021, with targeted initiatives in place to help us reach our safety goals.

Our 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 programme covers a wide range of topics from culture and operational leadership, to specific safety risks, such as the use of explosives and emergency response and light vehicles, with our business units implementing the actions or minimum requirements set out by each site review, standard or procedures.

Our approach to safety is governed by our SHE policy and the management framework that we use to implement the policy – the SHE Way. In February 2021, we refreshed the SHE Way to include a set of eight technical specifications to support practitioners in SHE Way implementation and more than 30 tools to enable consistent best practices in applying the new requirements.

→ For more information on the SHE Policy
See page 45

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.

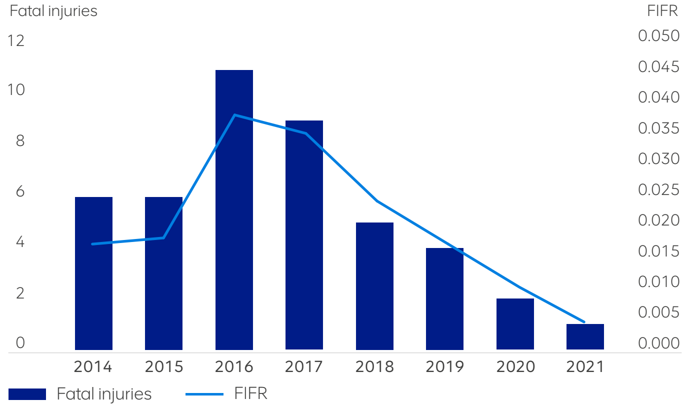
Group safety performance

In the first seven months of the year, we experienced zero work-related loss of life incidents at our managed operations, the second-longest fatal-free period in our 100+ year history.

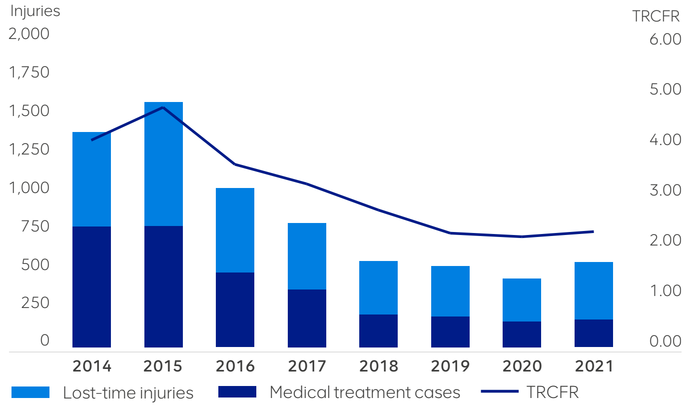
It is with deep sadness that we report the loss of one colleague in a work-related incident at our managed operations. In August, Carlos Gonzalo Rodríguez Delgado lost his life in a vehicle accident at the Quellaveco project in Peru. At our non-managed joint ventures, two colleagues were fatally injured in separate incidents in October at Kroondal, a PGMs business managed by Sibanye-Stillwater. Tebogo Motlogelwa lost his life in an underground vehicle incident. Philisande Wilburforce Xabanisa was fatally injured following a fall of ground incident. In addition, a third loss of life occurred at Samancor's Wessels mine, managed by South32, where Desmin Mienies lost his life in an electrical incident. We extend our deepest condolences to the family, friends and colleagues of Carlos, Tebogo, Philisande and Desmin.

A thorough investigation was conducted at the Quellaveco project to identify the cause(s) of the incidents and to share lessons learned across the Group, with the aim of preventing repeat or similar incidents. Our independent joint ventures are leading investigations into their three tragic incidents.

Total number of fatal injuries and fatal injury frequency rate (FIFR) 2014–2021



Lost-time injuries, medical treatment cases and total recordable case frequency rate (TRCFR) 2014–2021



In 2021, we recorded 554 occupational injuries, increasing by 25% compared with 2020 (444). Disappointingly, our TRCFR increased by 5% to 2.24 (2020: 2.14), after multiple years of progressive improvement, partially attributable to ongoing Covid-19 related challenges to scheduling and conducting planned work. We will continue to work towards a step change in the reduction of injuries.

We continued to focus on improving our safety performance by strengthening our culture and 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); employee-engagement sessions; and enhanced reporting and progress tracking of safety-improvement initiatives.

Health

The ongoing global threat of Covid-19 continued to dominate our health efforts throughout 2021. While specific aspects of our response varied by country, a major part of our work in this area was dedicated to testing and vaccination support.

Despite the intensity of our pandemic efforts, our teams around the world also delivered on our main health initiatives, such as our work on HIV. In addition, we developed our health and well-being strategy and worked towards 'smart health' through the launch of our health digitalisation strategy.

Our 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 45 for more on this.

Our health and well-being strategy, which we finalised in 2021, is aligned with World Health Organization (WHO) principles. It covers employee health, the physical work environment, mental health, community health, social context and workplace culture.

Our concern for employee health extends beyond the workplace. Guided by the health and well-being strategy, our health function applies evidence-based interventions aimed at reducing risks associated with unhealthy habits, such as smoking or following a poor diet.

Our Workplace Health Standard 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. All of our operations have completed self-assessments against the requirements of the Standard, which we introduced in 2020, and have developed action plans to address any identified gaps.

Performance

Responding to Covid-19

Throughout the year, we worked to prevent the spread of Covid-19 among our employees and in our host communities. Our pandemic efforts are part of WeCare, a global lives and livelihoods support programme introduced in 2020 that demonstrates our Purpose in action.

In addition to the significant testing capability put in place across our sites in 2020, we have also placed a significant focus on vaccinations as the best proven means at our disposal of preventing the spread of Covid-19, and worked with partners in government around the world to strengthen the capacity to vaccinate our workers, contractors and host communities.

Occupational exposure

In 2021, there were 16 reported new cases of occupational disease (2020: 30). We remain committed to reducing exposure to noise, which remains our single greatest occupational health risk. We have as many as 26,000 employees in workplaces where noise levels exceed permissible exposure levels. All employees and contractors working in such environments are issued with, and are trained in how to use, appropriate protective equipment to prevent occupational illness.

Throughout the year, we also worked closely with our colleagues from the Data Analytics Team to identify and monitor critical noise controls using our digital transformation platform, VOXEL™. The data that we receive from this work helps to improve our understanding of the performance and effectiveness of our controls. The insight that it provides allows us to identify opportunities for control improvements on our journey to eliminate occupational exposure to noise and associated noise-induced hearing loss.

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 on the first two targets, Covid-19 continues to have a severe impact on people's ability and willingness to access preventative healthcare. As a result, while 87% of our employees in southern Africa knew their status at year end, this was lower than in the previous year (2020: 89%), and 3% short of our target of 90%. We did, however, meet our second target, with 93% of our employees living with HIV receiving anti-retroviral therapy. In 2021, 128 new cases of HIV were reported, and zero HIV/AIDS-related deaths. This translates into an incidence rate of 0.01%.

▲ Receiving his jab at De Beers' Venetia mine in Limpopo is Khuinana Alfred Ngoepe, thought to be the oldest person in South Africa to receive a vaccine against Covid-19.

Keeping our people safe through the Covid-19 pandemic

Since the Covid-19 pandemic first began in early 2020, we have worked on multiple fronts to protect our people and host communities as part of our WeCare programme. Our primary goals throughout the pandemic have been to minimise the risk of transmission in the workplace and to provide employees with the medical care and treatment they need, should they contract the virus.

As part of our WeCare programme, we aim to make it easy for people to know whether they have contracted Covid-19 and to get the right medical care and treatment if they do. Daily symptoms checking and rapid testing enable quicker isolation for those who are ill, as well as improved contact tracing. As a result, our case rates have been lower than the national average in each of our operating countries.

Since the pandemic began, we have supported the treatment of over 33,000 employees who tested positive for the virus, including 804 who were admitted to hospital. We established our own Covid-19 PCR testing capability, with 29 laboratories in eight countries conducting around 500,000 tests, and purchased and distributed around 1,000 pulse oximeters and 600 oxygen concentrators to support employees.

To help support government efforts, we have made available up to $30 million to support the global roll-out of Covid-19 vaccines across our operational footprint. Our support includes contributions towards the procurement of vaccines by host governments, as well as logistical support and health and other infrastructure required to facilitate the efficient roll-out of vaccines. To keep our workplace safe, our aim is for as many of our people as possible to be vaccinated as quickly as possible. As vaccine uptake is driven by three main factors: confidence, complacency and convenience, we continue to address each of these issues in innovative ways.

To ensure social distancing on site or in the office, we have also made use of the latest smart technology. This includes deploying smartwatches that vibrate if employees come too close to one another. The watches use Bluetooth technology to allow us to measure workers' proximity to each other in real time in our underground operations. In our corporate offices, we have also issued smart identification passes that perform a similar role in warning employees when they are in too close proximity. Data generated is collated in the Covid-19 contact tracing app – part of the digital transformation platform, VOXEL™ – which then has the added advantage of helping assess potential close contacts in the workplace if a colleague tests positive for Covid-19.

For 2021, the TB incidence was 152 per 100,000 compared with 138 per 100,000 in 2020, reflecting the fact that controls, such as mask wearing and social distancing, were less adhered to with time, and that access to health services was restricted when the second and third waves of Covid-19 hit southern Africa.

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 meet our business objectives – 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 be an inclusive workplace where everyone – without exception – can bring their full selves to work.

Attracting, retaining and developing our talent

Organisation Model
As a company, we firmly believe that how we deliver results is inextricably linked to the outcomes we deliver. Our Organisation Model ensures we have the right people in the right roles doing the right value-adding work, 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.

One of the key components 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. Team+, our performance optimisation approach, uses shared targets and commitments to promote active collaboration and collective responsibility. This approach directly supports over 10,000 senior employees.

A focus on continuous learning

In today's talent-driven business environment, learning and development are more important than ever. We strive to enable continuous learning and a passion for breakthrough performance and innovative thinking, driven by agile development approaches that unlock the full capabilities of our people. This leads us to develop more integrated learning journeys and experiences, including learning in the flow of work, learning from each other, and through formal channels.

Learn+, our main learning platform, offers a single, user-friendly interface that makes it easy for our employees to access a growing range of online learning resources. This experience-based platform feeds from other areas to provide learning experiences, with a focus not only on what people learn, but how learning can be delivered in the line of work, at the time of need.

Drawing on expertise from across the business, the Technical Academy 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.

Our Leadership Academy is a talent and development engine designed to accelerate the development of our most talented people. Since March 2020, the Leadership Academy moved to virtual delivery, which has made it increasingly accessible to more leaders while significantly reducing both our CO_2 emissions and costs.

In 2021, Anglo American spent $65 million on direct training activities, an increase of 5% (2020: $62 million).

We continued to see increased utilisation of our online learning infrastructure across the Group, with 460,000 items viewed (up 60% from 2020) and 175,000 courses completed (up 50% from 2020). In addition, 2,550 were shared (up 110% from 2020), reflecting an ongoing trend of moving towards more peer-to-peer learning.

An inclusive and diverse environment

Our goal is to create an inclusive workplace where every colleague can bring their whole self to work and fulfil their potential. We have a robust strategic approach in place which focuses on valuing and respecting our diverse and unique colleagues, inclusive leadership, providing an involving, fair and supportive workplace and having a safe, effective and enabling work environment.

Our zero-tolerance approach

We are committed to eliminating all forms of bullying, harassment and victimisation across our organisation, through our global policy and Stand Up for Everyone campaign. Our zero-tolerance approach extends to include domestic violence and abuse that might occur outside the immediate workplace. We provide mandatory bullying, harassment and victimisation training for our colleagues to ensure they are aware of our zero-tolerance approach, are familiar with our reporting structures, and feel confident to act as inclusion and diversity advocates.

Our training is intersectional in focus and explores case studies across different diversity characteristics. We also provide inclusive leadership training to all senior leaders and managers, helping them to understand and role-model consciously inclusive behaviours, and facilitate a psychologically and physically safe environment for their teams.

In 2021, we continued to build on the significant progress we have made within inclusion and diversity over the last four years. While there is always more to do, we have made a positive difference in key areas, such as psychological safety; domestic violence; bullying, harassment and victimisation; and mental wellness. We will continue to embed and launch initiatives that will allow us to realise our vision of a truly inclusive workplace where each of us can reach our full potential.

Diversity performance

We report on our gender pay gap in UK operations, in line with legislative requirements. As of 4 April 2021, our UK average (mean) gender pay gap for Anglo American Services Ltd (UK) was 44% 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 continue to address.

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. We have set a similar target for 33% of our Group Management Committee and those reporting to the committee to be women by 2023.

At 31 December 2021, there were five female directors and seven male directors serving on the Board. In 2021, on average, the Group had 28 female senior managers and 70 male senior managers and 14,630 female and 48,970 male employees. The proportion of women at management level grew to 31% (2020: 27%).

At year end, the proportion of our permanent employees aged under 30 was 9%, 72% were aged between 30 and 50, and the remaining 19% were over 50 years of age.

In South Africa, historically disadvantaged South Africans held 73% of our management positions (2020: 68%).

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 2021, we shared the results and Groupwide actions from the global employee engagement survey undertaken in September 2021, with all colleagues and the Board. Almost 28,000 employees answered questions in the survey, which covered engagement; culture and values; physical and psychological safety; strategic direction and purpose; leadership; and inclusion and diversity. The survey suggested an employee engagement score of 91%.

Our employee voluntary turnover rate for the year was 3.5% (2020: 2.8%). New hires represented 8% of our permanent employees in 2021, compared with 11% in 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 2021, approximately 71% of our permanent workforce was represented by worker organisations and covered by collective bargaining agreements. In 2021, we signed a dialogue agreement with IndustriALL Global Union, the union federation that represents most national mineworkers unions. There were no recorded incidents of industrial action lasting more than one week in 2021 at our managed operations.

There were no reported incidents of under-age or forced labour at our operations during 2021.

The future of work

The accelerated pace of global change is shaping a transition in the nature of work, and the workforce, that presents opportunities and challenges for us all. We are committed to being a leader in the public debate and to addressing the expectations concerning our industry. This includes working together with our stakeholders to achieve technological advancements and step-changes in the approach that our industry takes to sustainability.

Through our Future of Work programme, we embrace the evolution of this change by taking a long term approach to planning for the roles and skills that we will need in the future. We seek to anticipate major internal and external drivers of change in our workplace, including the nature of our work and how we perform it. We are guided on every step of this journey by our deep responsibility to society and our commitment to work with our employees and communities to create sustainable positive impact.

As the pace of change in our industry, and indeed the world, continues to increase, this organisational capability will help us to be proactive, giving us a competitive advantage. Using this insight, we can ensure we have the appropriate people and strategies in place to deliver business expectations, today and into the future. 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.

Building a purpose-led culture

We understand that ethical reputation is a critical asset for building trust with our stakeholders. 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.

We continued to review our Code of Conduct and Group policies in the year. We developed and revised 21 Group policies, a process that included subject matter experts performing risk reviews for areas within their fields of specialisation. Of these policies, 16 are existing and five have been newly developed. Among other policies, we have new guidelines for recognising and preventing domestic violence and a policy recognising the right to flexible working arrangements.

We regularly communicate with our employees about the Code of Conduct and our Values – Safety, Care and Respect, Collaboration, Accountability, Innovation, and Integrity.

Business integrity
Our Business Integrity Policy sets out the standards of conduct we require at every level within our business – including our subsidiaries and those joint operations we manage – in combating all types of corrupt behaviour.

To bolster adherence to the policy, we require assurance aligning with the 'three lines' model: first line – risk owners/managers; second line – risk control and compliance; third line – risk assurance.

We developed and launched several new training processes and materials, including conducting virtual Code of Conduct training for more than 10,000 participants. We also continued to innovate to make our training methods more engaging and impactful – introducing gaming methods and developing animated materials. For face-to-face training, we introduced more customised content using real-world case studies.

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 continue to deepen our collaboration with the Transparency International (TI) Corporate Anti-Corruption Benchmark and play a more active role in transparency programmes.

During 2021, we implemented several of the TI's recommendations. These include developing a skilled and independent investigation team and refining our third-party risk management process.

Whistleblowing
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 about politically unethical, unlawful or unsafe conduct or practices that conflict with our Values and Code of Conduct.

During 2021, we received more than 700 reports through YourVoice, a 30% increase from 2020. We attribute the increase to a heightened awareness of the channel as a result of our proactive engagement with stakeholders, a growing culture of trust to raise concerns with confidence, and the promotion of this channel through other relevant Groupwide initiatives.

Of those allegations closed, 25% were substantiated or partially substantiated. Corrective actions were taken against allegations substantiated in accordance with our policies.

Capital allocation

A strong focus on capital discipline

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation: first to sustaining our operations and maintaining asset integrity (including Reserve Life); secondly to the base dividend to our shareholders, determined on a 40% underlying earnings-based payout ratio.

All remaining capital is then allocated to discretionary capital options which include organic and inorganic growth options, as well as additional shareholder returns. In all cases, discretionary projects are robustly assessed against financial and non-financial metrics, including their delivery of net positive benefit to our shareholders and the communities in which we operate, and their ability to improve and upgrade our portfolio in line with the transition to a low carbon economy and global consumer demand trends.

Capital allocation is prioritised to ensure we maintain balance sheet flexibility, with our near term objective to ensure the Group's net debt does not exceed 1.5 x underlying EBITDA, using bottom of the cycle pricing, without there being a clear plan to recover. Further detail on balance sheet discipline and our credit can be found on page 75.

Capital is allocated in support of the execution of our strategy. Our Sustainable Mining Plan outlines ambitious targets that our projects must support to ensure a healthy environment, thriving communities and Anglo American's position as a trusted corporate leader.

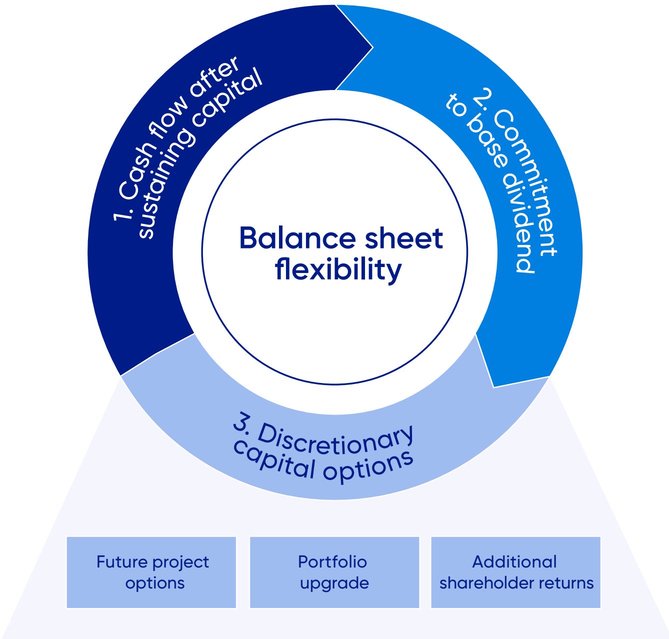
→ For more on our Sustainable Mining Plan
See pages 38–39

Surplus capital is returned to shareholders in the form of either special dividends or through a share buyback programme.

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 2022–2024, we expect baseline sustaining capital expenditure to be within a range of $3.3–3.5 billion per annum. In addition, c.$1.1 billion is being allocated to the Collahuasi desalination project across 2022–2024, and $0.6–0.8 billion per annum is allocated to life extension expenditure, primarily driven by the Venetia Underground project at De Beers, Kolomela's Kapstevel South project (Kumba Iron Ore) and the recently approved Der Brochen project at our PGMs' Mototolo mine.



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 earnings, while retaining balance sheet flexibility during periods of lower earnings. The Group paid dividends of $0.9 billion in May 2021 (in relation to second half 2020 underlying earnings), and $2.1 billion in September 2021 (in relation to first half 2021 underlying earnings).

In September 2021, in addition to the base dividend, the Group paid a special dividend of $1.0 billion equal to $0.80 per share.

Anglo American also returned $0.8 billion to shareholders in 2021, as part of a $1.0 billion on-market share buyback programme that completed on 11 February 2022, at an average price of £28.84 per share.

In line with the Group's established dividend policy to pay out 40% of underlying earnings, the Board has proposed a dividend of $1.18 per share (2020: $0.72 per share), as well as a special dividend of $0.50 per share, bringing the total dividends paid and proposed in respect of 2021 to $4.19 per share (2020: $1.00 per share), equivalent to $5.2 billion (2020: $1.2 billion). The timetable for the special dividend will follow the same timetable as for the payment of Anglo American's final dividend. For further information, please refer to the 'Notice of Final Dividend' set out on page 92 of the 2021 preliminary results press release.

Discretionary capital options

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

The Quellaveco copper project in Peru remains on track, despite the challenges posed by Covid-19 to date, with first production expected in mid-2022. Total project costs are estimated at $5.4–5.5 billion (100% basis), excluding the impact of potential additional Covid-19 disruption.

Anglo American has conducted a detailed technical review of the Woodsmith project (Crop Nutrients) since mid-2020 to ensure the technical and commercial integrity of the full scope of its design. Now largely complete, the review has confirmed that a number of elements of the project's design would benefit from modification to bring it up to Anglo American's safety and operating integrity standards and to optimise the value of the asset for the long term.

The Woodsmith team is further developing the engineering to optimise the configuration of the project, recognising the multi-decade life of the mine. Particular attention is on those aspects identified at the outset of Anglo American's ownership – namely, the sinking of the two main shafts, the development of the underground mining area, and the changes required to accommodate both increased production capacity and the more efficient and scalable mining method of using only continuous miners; such improvements will also require the installation of additional ventilation earlier in the development of the underground mining area.

Ahead of the full project execution phase, the Woodsmith team, led by new CEO Tom McCulley, is working through the detailed design engineering throughout 2022 and is expected to make a number of changes to the phasing of work, particularly in relation to the two main shafts. The capital budget for 2022 is therefore expected to be reduced by approximately $0.1 billion to $0.6 billion to accommodate these changes.

Anglo American expects that the improvements it is making to the project will result in an enhanced configuration and therefore a different and longer construction schedule. Anglo American's capital budget for the development of Woodsmith will reflect such scope and timing changes to ensure that its exacting standards are met and the full commercial value of the asset is realised. Once the detailed design engineering is complete, and the capital budget and schedule are drawn up, the full project will be submitted to the Board.

On 4 June 2021, Anglo American demerged its thermal coal operations in South Africa into a newly incorporated company, Thungela Resources Limited, that was subsequently admitted to trading on both the Johannesburg and London stock exchanges on 7 June 2021.

And on 11 January 2022, Anglo American completed the sale of its 33.3% shareholding in Cerrejón to Glencore plc for a total cash consideration of $0.3 billion, before adjustment for dividends received in 2021. The completion of this transaction represents the final stage of Anglo American's previously announced responsible exit from thermal coal operations.

Net cash received from disposals was $0.1 billion (2020: $0.4 billion), being deferred and contingent consideration in respect of previous divestments by PGMs and Copper, partially offset by the net cash disposed in 2021 through the demerger of the Group's South African thermal coal operations.

On 20 December 2021, Anglo American Platinum announced the sale of its 49% interest in Bokoni. The transaction is subject to the fulfilment or waiver of notable conditions precedent and is expected to complete during 2022.

In January 2022, Anglo American Platinum entered into transaction agreements for the sale of its 50% interests in the Kroondal and Marikana pool-and-share agreements (the 'PSAs') to Sibanye-Stillwater (Sibanye). The transaction is subject to regulatory approvals, including section 11 consent for the transfer of the mining right and approvals by the Competition Authorities, as well as the delivery of 1.35 million 4E ounces of metal in concentrate by the Kroondal PSA (100% basis).

We continue to progress studies on organic growth opportunities to improve the existing business. For example, expansion options are currently being considered for the Mogalakwena PGMs complex to expand production of the mine through technology development and deployment, and the optimal mine plan to deliver feed to the concentrators. At the Collahuasi copper joint operation, Phase 1 of the expansion is focused on near term P101 optimisation opportunities, the implementation of a fifth ball mill (approved) and a restart of leaching activities to add around 50,000 tonnes of production a year (44% basis). Further phase expansions are in early stage study to increase production by up to an additional 100,000 tonnes per annum (44% basis). Finally, in Metallurgical Coal, a feasibility study into the expansion of the processing facilities at Moranbah mine to increase saleable tonnes of high quality metallurgical coal by c.2.5 Mtpa (Anglo American share 88%) is under way, which, if approved, would be expected to complete in 2025.

Our integrated FutureSmart Mining™ approach to driving sustainability outcomes through technology and digitalisation is central to our progress. We are investing $0.2-0.5 billion per annum of discretionary capital in technology and innovation to drive improvements across our business, including bulk ore sorting, coarse particle recovery and hydraulic dry stack.

→ **For more on our technology developments**
See pages 36–37

Group capital expenditure

Capital expenditure increased to $5.2 billion (2020: $4.1 billion), as comprehensive response plans mitigated the impact of the Covid-19 pandemic, which affected spend in 2020, and ensured business continuity.

Sustaining capital expenditure increased to $3.4 billion (2020: $2.6 billion), driven by the roll-over of deferred expenditure from 2020 owing to Covid-19 related restrictions and the effect of stronger local currencies in our countries of operation.

Growth capital expenditure increased to $1.8 billion (2020: $1.4 billion), largely due to higher expenditure incurred at the Woodsmith polyhalite project of $0.5 billion (2020: $0.3 billion) following the acquisition of the project in the first half of 2020.

We expect total capital expenditure to increase compared with 2021 to between $5.6–6.6 billion per annum in 2022 to 2024.

Capital expenditure

$ million	2021	2020
Stay-in-business	**2,068**	1,566
Development and stripping	**904**	769
Life extension projects	**474**	296
Proceeds from disposal of property, plant and equipment	**(17)**	(7)
Sustaining capital	**3,429**	2,624
Growth projects	**1,752**	1,438
Total	**5,181**	4,062
Capitalised operating cash flows	**12**	63
Total capital expenditure	**5,193**	4,125

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 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 8–9 and more on our strategy is provided on pages 10–11.

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 2021, the Group's realised basket price across all commodities exceeded the prior year's, though ongoing geo-political 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. 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 2021, the focus was on ongoing 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, downside 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. Risks chosen for modelling were those considered to have the greatest financial impact upon the Group's financial statements, and have been linked to the principal risks below. The scenarios tested include:

- Product price reductions of up to 20% from conservative budget prices over three years, with no offsetting foreign exchange rate improvement (Principal Risks 2 and 13)
- Operational incidents that have a significant impact on production at key sites in the Group (Principal Risks 1, 4, 6, 8 and 9)
- The impact of a cyber attack upon the Group's key information technology systems (Principal Risks 3 and 6)
- Technology developments affecting demand for diamonds (Principal Risks 2 and 13)
- Technology developments in the automobile industry affecting demand for PGMs (Principal Risks 2 and 13)
- The impact of a reduction in water supply in Chile, being a physical risk associated with climate change (Principal Risks 7 and 12)
- The impact of Covid-19 upon the Group's operations (Principal Risks 10).

The Group's liquidity (defined as cash and undrawn committed facilities) was $17.1 billion, comprising cash and cash equivalents of $9.1 billion (see note 20 to the Consolidated financial statements), and undrawn committed facilities of $8.0 billion (see note 23 to the Consolidated financial statements) as at 31 December 2021. The most 'severe' scenario considered by management, albeit unlikely, considers the financial impact of economic pricing downsides throughout the assessment period, and two operational incidents materialising in a single year at the start of the assessment period, with no mitigating actions taken by management. This scenario would create both an immediate and prolonged adverse impact, resulting in negative attributable free cash flows throughout the assessment period. The Group has a range of management actions available in such a scenario to preserve resilience, including accessing lines of credit, reducing capital expenditure, reviewing capital allocation and production profiles, and raising debt while maintaining the shareholder return policy.

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 as 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:

- Future demand for metals and minerals deviating from assumptions as a result of efforts to reduce global warming
- 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 which 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 societal 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 62–67

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 62

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 133–134

Summary

Our risk profile evolved in 2021. The global economy partly recovered from the negative impacts of the Covid-19 pandemic, which helped ease macro-economic risks. Conversely, we consider political risks to have increased as a result of the potential for armed conflict involving major world powers as well as national political tensions in certain countries, elevated partly due to the Covid-19 pandemic. An outcome of our periodic reviews of risks impacting the business was that we elevated two risks to Principal Risks – (1) community and social relations and (2) regulatory and permitting, both of which are influenced by an evolving socio-political landscape and stakeholder expectations. Climate change is the defining challenge of our era and our unequivocal commitment to being part of the global response presents both opportunities and risks. A number of our Principal Risks are directly or indirectly related to climate change and our strategies to reduce its impact on our business and the planet.

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

Principal risks

1. Catastrophic and natural catastrophe 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 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: Factors that could contribute to this risk include armed conflict involving major world powers, trade war between major economies, economic slowdown in a leading economy and a disrupted recovery from the Covid-19 pandemic as a result of new variants being resistant to vaccines.

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 appetite: Operating within the limits of our appetite.

Commentary: We believe macro-economic uncertainty has reduced in 2021 as a result of partial global economic recovery following the Covid-19 pandemic. However, future uncertainties remain that may result in price volatility in the products mined, and marketed, by Anglo American.

Pillars of value:

Pillars of value:

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

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: Attacks motivated by fraud and/or access to sensitive data or information.

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 appetite: Operating within the limits of our appetite.

Commentary: During 2021, 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:

4. Political

Global, regional and national political tensions and disputes may negatively impact our business.

Root cause: Geo-political disputes between major economic countries, regional and national political tensions. The effectiveness of national governance in countries in which we operate may be compromised by corruption, weak policy framework and ineffective enforcement of the law.

Impact: Global supply chains may be impacted by the threat of or actual disputes between major economies. Regional and national political tensions may result in social unrest affecting our operations and employees. 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. 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 make significant efforts to contribute to public policy objectives such as socio-economic development to demonstrate the broader value of our presence. 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 15 for more detail on how we engage with our key stakeholders.

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.

Pillars of value:

Principal risks continued

5. Community and social relations

Failure to maintain healthy relationships with local communities and society at large.

Root cause: Failure to identify, understand and respond to community and societal needs and expectations.

Impact: A breakdown in trust with local communities and society at large threatens Anglo American's 'licence to operate', potentially leading to increased costs, future growth being impacted, business interruption and reputational damage.

Mitigation: The Anglo American Social Way is our integrated management system for social performance, adopted and implemented at all managed sites.

Risk appetite: Operating within the limits of our appetite.

Commentary: Through the Social Way, we ensure that policies and systems are in place at all Anglo American managed sites to support effective engagement with communities, avoid or minimise adverse social impacts, and maximise development opportunities. For further information on how we engage with key stakeholders, see page 15.

Pillars of value:

6. Safety

Failure to eliminate fatalities.

Root cause: Fatalities may result from operational leaders, employees and contractors failing to apply safety rules and poor hazard identification and control, 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 threatens 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 appetite: Operating within the limits of our appetite.

Commentary: We continue to experience an overall improvement in our safety performance. During 2021, there was one work-related fatality in our managed operations, compared with two in 2020. Management remains fully committed to the elimination of fatalities.

Pillars of value:

7. Climate change

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

Root cause: We are committed to the alignment of our portfolio with the needs of a low carbon world in a responsible manner; however, different stakeholder expectations continue to evolve and are not always aligned. Long term demand for metals and minerals mined and marketed by Anglo American may deviate from assumptions based on climate change abatement initiatives. Changing weather patterns and an increase in extreme weather events may impact operational stability and our local communities. Our Scopes 1 and 2 carbon emission reduction targets are partly reliant on new technologies that are at various stages of development, and our Scope 3 reduction ambition is reliant on the adoption of greener technologies in the steel making industry.

Impact: Potential loss of stakeholder confidence, negative impact on reputation, financial performance and valuation.

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 appetite: Operating within the limits of our appetite.

Commentary: For more information on our Sustainable Mining Plan and climate change policy, see pages 38–39 and 43–44 , and for further information on how we engage with key stakeholders, see page 15.

Pillars of value:

Pillars of value:

Safety and health
Socio-political
Production
Financial
Environment
People
Cost

8. Regulatory and permitting

Failure to comply with permitting and other mining regulations.

Root cause: Regulations impacting the mining industry are evolving as a result of political developments, changes in societal expectations and the public perception of mining activities. Failure to comply with management processes will threaten the ability to adhere to regulations and permits.

Impact: Delays to projects and disruption to existing operations, delays in deploying new technologies that support future growth and sustainability objectives, legal claims and regulatory actions, fines and reputational damage.

Mitigation: All operations must comply with our Minimum Permitting Requirements, which is a management system to ensure necessary permits and other regulatory requirements are identified and embedded in life of asset plans and management routines. Through our Sustainable Mining Plan we make considerable efforts to meet community aspirations for socio-economic development and carefully manage the environmental impacts of our business to avoid causing harm and nuisance.

Risk appetite: Operating within the limits of our appetite.

Commentary: Annual assessments of compliance with the Anglo American Minimum Permitting Requirements are undertaken, as well as periodic independent audits.

Pillars of value:

9. Operational performance

Unplanned operational stoppages affecting 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 risks 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 production and EBITDA targets is undertaken.

Risk appetite: Operating within the limits of our appetite.

Commentary: There were no material unplanned operational incidents in 2021.

Pillars of value:

Principal risks continued

10. 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 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 our host communities, and ensuring the continuity of the operations.

Risk appetite: Operating within the limits of our appetite.

Commentary: For more information on our response to the Covid-19 pandemic, see page 55.

Pillars of value:

11. 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 higher prevalence 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 appetite: Operating within the limits of our appetite.

Commentary: A Group Compliance Committee oversees the organisation's anti-bribery management system to ensure its continuing suitability, adequacy and effectiveness.

Pillars of value:

Pillars of value:

Safety and health
Socio-political
Production
Financial
Environment
People
Cost

12. 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 on-site 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 responsible and 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 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 38–39.

Pillars of value:

13. 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 valuation.

Mitigation: Regular reviews of production and financial plans, as well as longer term portfolio decisions, are based on extensive research. 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 appetite: Operating within the limits of our appetite.

Commentary: We monitor new business opportunities in line with our strategy to secure, develop and operate a portfolio of high quality and long life mineral assets, from which we will deliver leading shareholder returns.

Pillars of value:

Key performance indicators

Safety and health

Strategic element: Innovation, People

Work-related fatal injuries[7] ER
Target: Zero harm

Number of work-related fatal injuries

2021	1
2020	2
2019	4
2018	5

Total recordable case frequency rate[7] ER
Target: Year-on-year reduction

TRCFR

2021	2.24
2020	2.14
2019	2.21
2018	2.66

New cases of occupational disease[7]
Target: Year-on-year reduction

NCOD

2021	16
2020	30
2019	39
2018	101

Workforce noise exposure[7]
Target: Year-on-year reduction

Employees and contractors potentially exposed to noise > 85 dBA

2021	30,832
2020	33,253
2019	29,958
2018	29,016

Workforce inhalable hazard exposure[7]
Target: 10% year-on-year reduction

Employees and contractors potentially exposed to inhalable hazards over OEL

2021	1,796
2020	1,994
2019	2,151
2018	2,249

Environment

Strategic element: Innovation

Energy consumption[7]
Target: Improve energy efficiency by 30% by 2030

Measured in million GJ

2021	85
2020	81
2019	87
2018	84

GHG emissions[7] ER
Target: Reduce by 30% by 2030

Measured in million tonnes of CO_2 equivalent emissions

2021	14.8
2020	16.1
2019	17.7
2018	16.2

Total water withdrawals[7][8]
Target: Reduce the withdrawal of fresh water in water scarce areas by 50%

Measured in million m^3

2021	177
2020	197
2019	181
2018	187

Level 4-5 environmental incidents[7]
Target: Zero

Number of Level 4-5 environmental incidents

2021	0
2020	0
2019	0
2018	1

Socio-political

Strategic element: Innovation

Social Way 3.0 implementation[9]
Target: Full compliance with the Social Way 3.0 by end 2022

In 2021, 49% of Social Way 3.0 requirements fulfilled

2021	49
2020	23

Taxes and royalties borne and collected[4]

Spend in $ billion

2021	7.1
2020	3.8

Jobs supported by enterprise development initiatives[10]

Cumulative from 2018–2021

2021	147,374
2020	137,777
2019	132,082
2018	125,095

Local procurement[5]

Spend in $ bn

2021	10.0
2020	10.0
2019	9.1
2018	2.1

People

Strategic element: People

Voluntary labour turnover
Target: <5%

Percentage of full-time employees

2021	3.5
2020	2.8
2019	2.9
2018	2.9

Women in management
Target: 33% by 2023

Women in management (B5 and above) (%)

2021	31
2020	27
2019	24
2018	23

Women in workforce

Women as a percentage of total workforce

2021	23
2020	23
2019	21
2018	20

See page 101 for footnotes

Production

Strategic element: Portfolio, Innovation

Production volumes

Copper equivalent production 2021 vs 2020 5% increase

De Beers – million carats

2021	32.3
2020	25.1
2019	30.8
2018	35.3

Copper – thousand tonnes

2021	647
2020	647
2019	638
2018	668

Nickel – thousand tonnes

2021	41.7
2020	43.5
2019	42.6
2018	42.3

PGMs – thousand ounces (5E+Au)

2021	4,299
2020	3,809
2019	4,441
2018	5,187

Iron ore (Kumba) – million tonnes (wet basis)

2021	40.9
2020	37.6
2019	43.1
2018	43.8

Iron ore (Minas-Rio) – million tonnes (wet basis)

2021	22.9
2020	24.1
2019	23.1
2018	3.4

Metallurgical coal (export coking and PCI) – million tonnes

2021	14.9
2020	16.8
2019	22.9
2018	21.8

Cost

Strategic element: Portfolio, Innovation

Unit cost of production

Copper equivalent unit cost 2021 vs 2020: 16% increase in $ terms

De Beers – $/carat

2021	58
2020	57
2019	63
2018	60

Copper – c/lb

2021	120
2020	113
2019	126
2018	134

Nickel – c/lb

2021	377
2020	334
2019	380
2018	361

PGMs – $/PGM ounce

2021	868
2020	713
2019	705
2018	731

Kumba – $/tonne (wet basis)

2021	39
2020	31
2019	33
2018	32

Iron ore Brazil – $/tonne (wet basis)

2021	24
2020	21
2019	21
2018	n/a

Metallurgical coal – $/tonne

2021	105
2020	86
2019	63
2018	64

Financial

Strategic element: Portfolio, Innovation

Attributable return on capital employed (ROCE) ER

Group attributable ROCE

2021	43
2020	17
2019	19
2018	19

Underlying earnings per share (EPS) ER

Group underlying EPS

2021	7.22
2020	2.53
2019	2.75
2018	2.55

Attributable free cash flow[11] ER

Group attributable free cash flow ($ million)

2021	7,803
2020	1,209
2019	2,324
2018	3,157

→ For full description and calculation methodology
See pages 268–275

ER KPIs with this symbol are linked to executive remuneration; for more information, see the remuneration report on pages 135–161.

Marketplace review

Review of 2021

Relaxation of Covid-19 rules prompts rapid global economic recovery
The relaxation of Covid-19 restrictions – in conjunction with the roll-out of mass vaccination programmes and significant levels of monetary and fiscal stimulus by many governments around the world – precipitated a rapid resurgence of global economic activity in 2021: the IMF estimates that global growth was 5.9% during the year.

The extent of this economic rebound was particularly pronounced in Europe and the US where, following contractions of 6.3% and 3.4% in 2020, annual growth rates of 5% and 6% respectively returned in 2021. Such rapid economic expansion was also observed across major emerging markets, with growth of 8% in China and 9.5% in India. However, this recovery generally slowed during the second half of the year.

Higher inflation in Europe and the US also emerged as part of the recovery, exacerbated by sustained pandemic-induced bottlenecks in global supply chains.

The US Federal Reserve has begun to normalise monetary policy in response to these price pressures, in particular by reducing quantitative-easing programmes. This shift in monetary policy has contributed to a strengthening of the dollar against a number of major currencies during the year. Since the start of 2021, our producing regions generally saw favourable movements, with the dollar firming by 6% to 9% against the Australian dollar, South African rand and Brazilian real, and by around 20% to the Chilean peso – providing further upside to profitability beyond the effects of higher prices.

Domestic inflationary pressures, foreign exchange movements and the prospects of further US monetary tightening have required more significant monetary policy responses among some emerging markets, including in Brazil where interest rates have been increased by 500 basis points since August in an effort to stem the tide of capital outflows, pushing the economy into recession.

Markets review

Overall, a gradual recovery from Covid-19 has led to positive demand growth, with supply slowly adjusting to meet this increased demand. This has been positive for in almost all the products Anglo American produces once again, particularly in rhodium, copper and iron ore.

Diamonds
The industry recovery from the effects of Covid-19 continued into 2021. Strong diamond jewellery sales growth rates were experienced in both the US and China in the first half and, while other regions experienced a weaker rebound initially, owing to the uneven timing and effects of the pandemic, the second half saw a more positive recovery trend across the entire diamond value chain. This culminated in the US holiday season seeing unprecedented growth rates in consumer demand, attributed to accumulated savings through the lockdowns of 2020, pent-up demand for weddings and engagements, a strong desire for diamonds as gifts of love and appreciation, and less luxury travel. Overall, consumer demand for diamond jewellery saw a solid positive increase on the prior year, surpassing pre-pandemic levels. This demand strength translated into improved demand for polished and rough diamonds, as supply into retail remained tight throughout 2021.

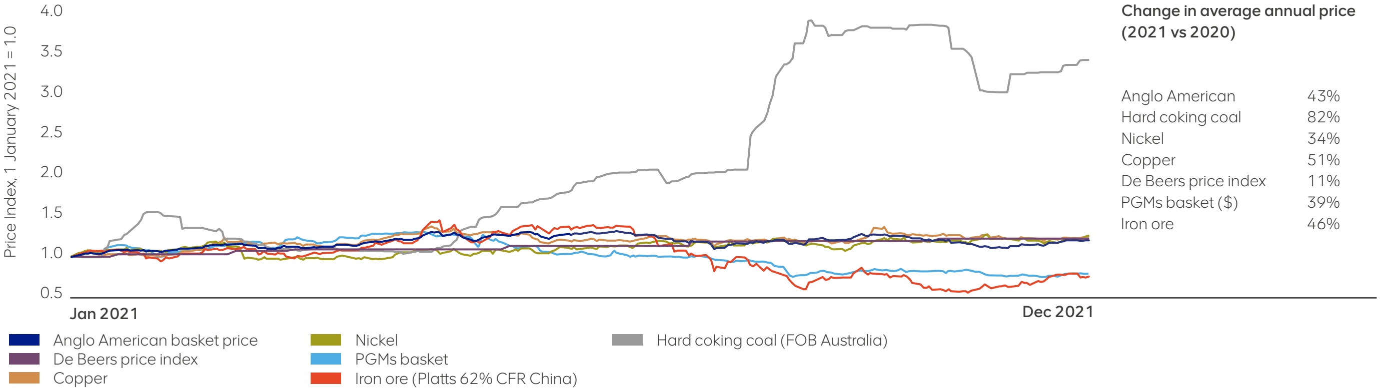
Overall, the outlook for diamond fundamentals continues to be positive. On the demand side, economic growth and a rise in digital and branded consumer propositions are expected to support diamond sales. The closure of certain non-De Beers mines and a lack of large projects entering production in the near term will likely keep global rough diamond supply below pre-Covid-19 levels.

Platinum Group Metals (PGMs)
Developments during the year reinforced some of the key long term trends influencing demand for PGMs, including substitution to more affordable platinum away from palladium in petrol vehicles, continuing growth in the proportion of BEVs at the expense of PGM-consuming ICE vehicles, and expanding production of platinum-consuming FCEVs, albeit from a low base.

Consumption of PGMs in the key automotive sector showed diverging trends across the metals, with demand for platinum rising by 18%, while palladium and rhodium declined by a modest 1% and 2% respectively. Although global production of ICE vehicles in 2021 did not rebound to the extent anticipated, largely due to a shortage of semiconductor chips, platinum use was boosted by price-related substitution of the metal for palladium in petrol vehicles in some markets, as well as an increase in platinum loadings in heavy duty diesel vehicles in China due to tightening emissions legislation.

Meanwhile, a break from the sustained increase in global average palladium and rhodium loadings in light duty petrol vehicles observed since 2016, owing to platinum substitution and thrifting in China following the phase-in of recent legislation, led to a slight softening in automotive demand for these metals.

Indexed 2021 prices



Change in average annual price (2021 vs 2020)

Anglo American	43%
Hard coking coal	82%
Nickel	34%
Copper	51%
De Beers price index	11%
PGMs basket ($)	39%
Iron ore	46%

Source: Anglo American Commodity Research

In the other segments, industrial demand increased for each of the three main PGMs (between 4% and 13%), buoyed by recovering economic activity, which helped to partly offset less positive developments in jewellery and investment. In total, demand for platinum, excluding that met by recycled metal, contracted by 9% to 5.0 million ounces; rhodium fell by 4% to 0.7 million ounces, while palladium was almost unchanged at 6.9 million ounces.

Mined supply of refined platinum and rhodium rebounded strongly, increasing by 22% and 19% respectively, as South African output recovered following Covid-19 related disruption and built-up pipeline inventory was processed. Palladium mined supply growth was a more modest 10%, with supply from Russia being affected by operational issues.

While PGM prices were significantly stronger for the year on average: 79% for rhodium, 23% for platinum and 9% higher for palladium, the second half was notably weaker, with prices for all three metals at a lower level at the end of the year than at the beginning.

Base metals

Base metals once again saw electrification trends influencing the market. Copper prices were strong throughout the year with the price averaging 423 c/lb, an increase of 51%, and the highest calendar year nominal price. Global refined copper demand is estimated to have risen by 4.1% in 2021, with all of this growth coming from outside China as most economies made strong recoveries from the Covid-19 lockdowns of 2020. Refined copper consumption was stable in China, as its property market softened in the second half of the year.

Supply growth for copper was constrained, with ongoing mine depletion and a need for high quality, large scale new projects to enter production to meet growing demand. Mined copper supply increased slightly to reach 21.6 Mt, while refined copper supply is estimated to have increased by just 2.7%, resulting in low exchange inventories throughout the year.

Copper prices have also been supported by increasingly positive investor sentiment, amid a growing realisation of its key role within the global energy transition. The required shift to copper-intensive power generation – such as wind and solar – and the electrification of vehicles and heavy industries are expected to support robust copper demand in the medium and long term.

Global nickel consumption increased by 14% following a recovery in all major demand sectors. Outside of the immediate supply/demand picture, longer term trends began to crystallise in 2021, most notably the rising sales of BEVs. Demand from the battery sector increased by 67% and is widely expected to remain the fastest-growing nickel demand segment. Stainless steel production also recovered in 2021 and was 12% higher than the prior year, driving a 10% increase in nickel demand from the sector. A notable development on the supply side was the announcement that Indonesian nickel pig iron (NPI) producers would pursue matte production (which can feed into the battery value chain), diversifying the demand streams that Indonesian nickel can serve.

Bulk commodities

Over the year, bulk commodities followed economic development and were subject to geo-political changes. Global crude steel production reached a new record in 2021, with production estimated to have increased by 4.3%. The strongest growth was in Europe and the Americas. In China – the world's largest steel producer – production rose to a record level in May before weakening economic sentiment and a faltering real estate sector started to weigh on output.

Fuelled by the strong growth in China earlier in the year, to which supply struggled to respond, iron ore prices reached a new high, with the benchmark price (CFR China 62% Fe) peaking at $233/tonne in May. For the year as a whole, prices averaged $160/tonne – the highest level since 2011.

In the first half of the year, China's restrictions on coal imports translated to low Australian metallurgical coal benchmark prices. However, trade flows adjusted over time and prices recovered to reach levels comparable with other international price benchmarks; hard coking coal prices climbed to a record high of $409/tonne FOB Australia in September and averaged $226/tonne for the year.

Reflecting the speed of blast furnace restarts, raw materials pricing and availability, and intensifying pressures to reduce steelmaking carbon intensity, pig iron production growth was lower than crude steel output, with stronger growth in less carbon-intensive scrap and direct reduced iron. While steel is an essential enabler of economic development, efforts to reduce carbon emissions from the steelmaking process will have a bearing on total demand for iron ore and metallurgical coal, as well as on relative demand and pricing for the higher grade, lower emitting products, such as lump and high grade concentrate, that Anglo American produces.

Fertilisers

The fertiliser sector saw significant price increases throughout 2021, driven largely by supply issues. However, strong pricing for agricultural products has meant that farmer affordability of fertiliser has not been affected.

Over the longer term, continued growth in both the world's population and its wealth means that more crops must be grown to meet food requirements, albeit with limited increases – and potentially decreases – to the world's available agricultural land area. Crop yield and quality, and soil health, are therefore important, with the balanced use of sustainable, low carbon fertilisers being key to meeting global demand for food.

Outlook

The outlook for 2022 is likely to be substantially shaped by inflationary conditions and the responses of central banks, the strength of private consumption and investment patterns in the aftermath of unprecedented policy stimulus, as well as near term geo-political and trade friction uncertainties. This could present policymakers with difficult choices, particularly in the event that currently strong economic performance deteriorates and elevated rates of inflation persist.

Longer term, while the drive to decarbonise the global economy presents opportunities for responsible producers of the metals and minerals critical to its success, it can also put pressure on economic growth drivers and the success of individual sectors. Along with geo-political shifts, demographics and emerging technologies, uncertainties continue on many fronts. We continue to monitor, analyse and adapt, with our diversified portfolio of future-enabling products and our commitment to sustainable mining positioning Anglo American well to capitalise on global trends and deliver enduring value.

Group financial review

Anglo American's profit attributable to equity shareholders increased significantly to $8.6 billion (2020: $2.1 billion). Underlying earnings were $8.9 billion (2020: $3.1 billion), while operating profit was $17.6 billion (2020: $5.6 billion).

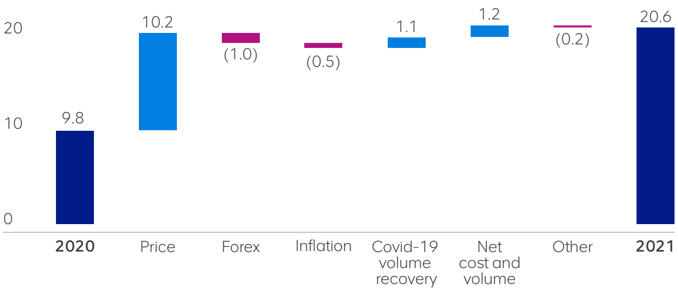
Improved operational performances at PGMs, De Beers and Kumba (Iron Ore) contributed to a 5% production increase on a copper equivalent basis[12]. This was driven in part by the easing of certain Covid-19 related restrictions that impacted production throughout 2020, as well as improved mining performance and processing stability at PGMs, planned higher rough diamond production at De Beers in response to strong consumer demand, and improved plant availability at Kumba. These improvements were partially offset by the continued suspension of longwall operations at Grosvenor, which was subsequently restarted in February 2022, operational issues and geological conditions at Moranbah (Metallurgical Coal), unplanned maintenance at Minas-Rio (Iron Ore), and licensing delays at Nickel. In response to the pandemic, comprehensive safeguarding measures remain in place at operations, which have helped a return to more normal operating levels, with production generally maintained at approximately 95%[13] of normal capacity across the year.

Financial performance

	2021	2020
Underlying EBITDA◊ ($ billion)	**20.6**	9.8
Operating profit ($ billion)	**17.6**	5.6
Underlying earnings◊ ($ billion)	**8.9**	3.1
Profit attributable to equity shareholders of the Company ($ billion)	**8.6**	2.1
Basic underlying earnings per share◊ ($)	**7.22**	2.53
Basic earnings per share ($)	**6.93**	1.69
Total dividend and buyback per share ($)	**4.99**	1.00
Group attributable ROCE◊	**43%**	17%

Underlying EBITDA◊ reconciliation 2020–2021

$ billion



Underlying EBITDA◊

Group underlying EBITDA increased by $10.8 billion to $20.6 billion (2020: $9.8 billion). The Group Mining EBITDA margin◊ of 56% was significantly higher than the prior year (2020: 43%), due to the increase in the price for the Group's basket of products and improved production at PGMs, De Beers and Kumba (Iron Ore), partly offset by unfavourable exchange rates and higher input costs across the Group. 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[1]

	2021	2020
De Beers	**1,100**	417
Copper	**4,011**	1,864
Nickel	**320**	206
PGMs	**7,099**	2,555
Iron Ore	**6,871**	4,565
Metallurgical Coal	**962**	50
Manganese	**315**	304
Crop Nutrients	**(41)**	1
Corporate and other	**(3)**	(160)
Total	**20,634**	9,802

(1) Following the demerger of Thungela, the Group has re-assessed its reportable segments to include thermal coal operations in Corporate and other. Prior period comparatives have been restated. See note 2 to the Consolidated financial statements for further details.

The reconciliation of underlying EBITDA from $9.8 billion in 2020 to $20.6 billion in 2021 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 43% compared to 2020, increasing underlying EBITDA by $10.2 billion. Higher realised prices were achieved across all of our products, with the dollar PGM basket increasing by 36%, primarily driven by rhodium which increased by 85% in the year, as well as iron ore and copper which increased by 41% and 52% respectively.

Foreign exchange
The unfavourable year-on-year foreign exchange impact on underlying EBITDA of $1.0 billion was due to stronger local currencies in our countries of operation, principally the South African rand.

Inflation
The Group's weighted average CPI for the year was 5.0%, compared with 2.9% in 2020, as inflation increased in all countries of operation. The impact of inflation on costs reduced underlying EBITDA by $0.5 billion.

Covid-19 volume recovery
The positive $1.1 billion effect on the Group's underlying EBITDA reflects the easing of Covid-19 related restrictions that impacted global demand in 2020 (particularly in the first half), as well as the continued strong recovery in the diamond market. The ongoing cost of disruption to production owing to enhanced preventative Covid-19 safety measures and supply chain interruptions is included within net cost and volume.

See page 101 for footnotes.

Net cost and volume
The net effect of cost and volume was a $1.2 billion increase in underlying EBITDA, as strong PGM sales due to higher refined volumes following the successful restart of PGMs' converter plant (ACP) Phase A unit more than offset operational issues at Metallurgical Coal, unplanned maintenance at Minas-Rio and above-CPI cost increases across the Group.

Other
The $0.2 billion negative movement in underlying EBITDA from other factors was largely driven by a change in inventory value estimation methodology at PGMs (see note 7 to the Consolidated financial statements for more detail) and unfavourable foreign exchange movements at Samancor (Manganese). This was partially offset by a decrease in environmental restoration provisions at Copper Chile as a result of recent market volatility affecting the discount rate. Despite no underlying earnings from thermal coal assets in the second half of the year, high thermal coal prices in the first half of 2021, as well as the impact of Covid-19 disruptions in 2020, resulted in higher EBITDA than for the full year 2020.

Underlying earnings◊
Group underlying earnings increased to $8.9 billion (31 December 2020: $3.1 billion), driven by the significantly higher underlying EBITDA, partly offset by a corresponding increase in income tax expense and earnings attributable to non-controlling interests.

Reconciliation from underlying EBITDA◊ to underlying earnings◊

	2021	2020
Underlying EBITDA◊	**20,634**	9,802
Depreciation and amortisation	**(2,844)**	(2,752)
Net finance costs and income tax expense	**(5,783)**	(2,745)
Non-controlling interests	**(3,082)**	(1,170)
Underlying earnings◊	**8,925**	3,135

Depreciation and amortisation
Depreciation and amortisation increased by 3% to $2.8 billion, reflecting the increased production of the Group.

Net finance costs and income tax expense
Net finance costs, before special items and remeasurements, were $0.3 billion (2020: $0.8 billion). The decrease was principally driven by foreign exchange gains and a decrease in other net fair value losses.

The underlying effective tax rate was 31.4% (2020: 31.2%). The underlying effective tax rate was impacted by the relative levels of profits arising in the Group's operating jurisdictions. Over the longer term, the underlying effective tax rate is expected to be in the range of 31% to 35%. The tax charge for the period, before special items and remeasurements, was $5.3 billion (2020: $1.8 billion).

Non-controlling interests
The share of underlying earnings attributable to non-controlling interests of $3.1 billion (2020: $1.2 billion) principally relates to minority shareholdings in Kumba (Iron Ore), PGMs and Copper.

Special items and remeasurements
Special items and remeasurements (after tax and non-controlling interests) are a net charge of $0.4 billion (2020: net charge of $1.0 billion), including tax special items and remeasurements arising in Iron Ore Brazil (Iron Ore) and Nickel of $0.3 billion; impairment charges of $0.6 billion at Moranbah/Grosvenor, Dawson and Capcoal (Metallurgical Coal); and a loss of $0.4 billion on the demerger of the South African thermal coal operations (Corporate and other), offset by impairment reversals of $1.0 billion mainly related to Minas-Rio (Iron Ore).

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

Net debt◊

$ million	2021	2020
Opening net debt◊ at 1 January[1]	**(5,530)**	(4,535)
Underlying EBITDA◊ from subsidiaries and joint operations	**19,808**	9,284
Working capital movements	**1,059**	(1,534)
Other cash flows from operations	**(279)**	248
Cash flows from operations	**20,588**	7,998
Capital repayments of lease obligations	**(336)**	(195)
Cash tax paid	**(4,341)**	(1,606)
Dividends from associates, joint ventures and financial asset investments[2]	**236**	226
Net interest[3]	**(245)**	(358)
Dividends paid to non-controlling interests	**(2,838)**	(668)
Sustaining capital expenditure[4]	**(3,437)**	(2,675)
Sustaining attributable free cash flow◊	**9,627**	2,722
Growth capital expenditure and other[4]	**(1,824)**	(1,513)
Attributable free cash flow◊	**7,803**	1,209
Dividends to Anglo American plc shareholders	**(4,047)**	(904)
Acquisitions	**–**	(520)
Disposals	**63**	384
Foreign exchange and fair value movements	**(227)**	17
Other net debt movements[5]	**(1,904)**	(1,181)
Total movement in net debt◊	**1,688**	(995)
Closing net debt◊ at 31 December	**(3,842)**	(5,530)

(1) Opening net debt and prior year comparatives have been restated following an amendment to the definition of net debt to exclude all variable vessel lease contracts that are priced with reference to a freight index. For more information please refer to note 20 to the Consolidated financial statements.
(2) Excludes dividends received from Cerrejón of $240 million now presented within 'other net debt movements'.
(3) Includes cash inflows of $101 million (2020: inflows of $29 million), relating to interest receipts on derivatives hedging net debt, which are included in cash flows from derivatives related to financing activities.
(4) Included within sustaining capital expenditure is $8 million (2020: $51 million) of capitalised operating cash flows relating to life extension projects. In addition to Growth capex, 'Growth capital expenditure and other' includes $4 million (2020: $12 million) of capitalised operating cash flows relating to growth projects and $68 million (2020: $63 million) of expenditure on non-current intangible assets.
(5) Includes the purchase of shares under a buyback of $814 million; the purchase of shares for other purposes (including for employee share schemes) of $270 million; Mitsubishi's share of Quellaveco capital expenditure of $530 million; new leases entered into (less capital repayments of lease obligations) of $369 million; dividends received from Cerrejón of $240 million; and contingent and deferred consideration paid in respect of acquisitions completed in previous years of $117 million. 2020 includes Mitsubishi's share of Quellaveco capital expenditure of $526 million; $253 million of debt recognised on the acquisition of Sirius Minerals Plc; the purchase of shares under a buyback of $223 million; and the purchase of shares for other purposes (including for employee share schemes) of $162 million.

Cash flow

Cash flows from operations

Cash flows from operations increased to $20.6 billion (2020: $8.0 billion), reflecting an increase in underlying EBITDA from subsidiaries and joint operations, and a working capital reduction of $1.1 billion (2020: increase of $1.5 billion). A reduction in inventories of $0.3 billion was driven by a change in the inventory value estimation methodology that reduced the cost of purchased concentrate at PGMs (see note 7 to the Consolidated financial statements for more detail). Increases in payables of $1.4 billion was driven by a higher customer pre-payment within PGMs and provisionally priced sale adjustments within Iron Ore. These were partly offset by an increase in receivables of $0.6 billion, mainly owing to increased base metal prices.

Attributable free cash flow◊

The Group's attributable free cash flow increased to $7.8 billion (2020: $1.2 billion) due to higher cash flows from operations of $20.6 billion (2020: $8.0 billion). This was partially offset by increased capital expenditure of $5.2 billion (2020: $4.1 billion), higher tax payments of $4.3 billion (2020: $1.6 billion) and increased dividends paid to non-controlling interests of $2.8 billion (2020: $0.7 billion).

Shareholder returns

In line with the Group's established dividend policy to pay out 40% of underlying earnings, the Board has proposed a dividend of $1.18 per share (2020: $0.72 per share), as well as a special dividend of $0.50 per share, bringing the total dividends paid and proposed in respect of 2021 to $4.19 per share (2020: $1.00 per share), equivalent to $5.2 billion (2020: $1.2 billion). The timetable for the special dividend will follow the same timetable as for the payment of Anglo American's final dividend. For further information, please refer to the 'Notice of Final Dividend' set out on page 92 of the 2021 preliminary results press release.

The Group has made significant progress in deleveraging and strengthening the balance sheet and, given the levels of cash generated in the business, along with the further value potential in Anglo American, excess cash was paid out to shareholders in the second half of the year. In September 2021, in addition to the interim base dividend, the Group paid a special dividend of $1.0 billion equal to $0.80 per share. Anglo American also returned $0.8 billion to shareholders in 2021, as part of a $1.0 billion on-market share buyback programme that completed on 11 February 2022, at an average price of £28.84 per share.

Acquisitions
The Group completed no material acquisitions in the year. In the prior year, on 17 March 2020, the Group completed the acquisition of Sirius Minerals Plc for a cash consideration of $0.5 billion.

Disposals
On 4 June 2021, the Group demerged its thermal coal operations in South Africa into a newly incorporated company, Thungela Resources Limited (Thungela), that was subsequently admitted to trading on both the Johannesburg and London stock exchanges on 7 June 2021. The demerged assets included net cash of $0.2 billion. Following the demerger, no further production from South African thermal coal was reported by Anglo American.

Net cash received from disposals was $0.1 billion (2020:$0.4 billion), being deferred and contingent consideration in respect of previous divestments by PGMs and Copper, partially offset by the net cash disposed in 2021 through the demerger of the Group's South African thermal coal operations.

Net debt◊

Net debt (including related derivatives) of $3.8 billion has decreased by $1.7 billion since 31 December 2020, driven by robust cash flows from operations of $20.6 billion. The Group generated strong sustaining attributable free cash inflows of $9.6 billion, used in part to fund growth capital expenditure of $1.8 billion and dividends paid to Anglo American plc shareholders of $4.0 billion. New leases entered into, including for the Group's London head office, added $0.7 billion to net debt.

Net debt at 31 December 2021 represented gearing (net debt to equity) of 10% (2020: 14%).

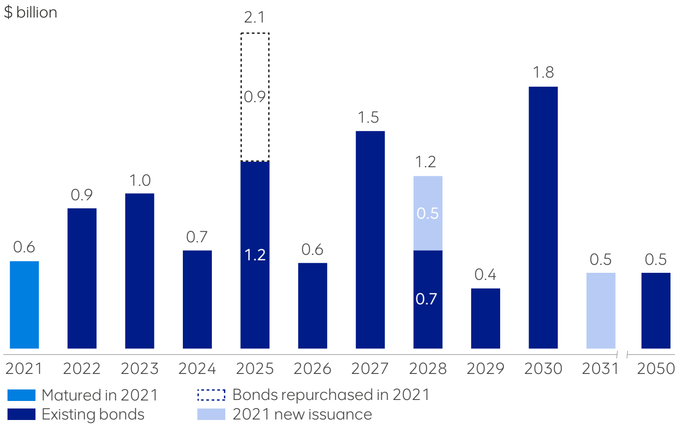
Balance sheet

Net assets increased by $2.0 billion to $34.8 billion (2020: $32.8 billion), reflecting the profit for the period, offset by dividend payments to Company shareholders and non-controlling interests.

Attributable ROCE◊

Attributable ROCE increased to 43% (2020: 17%). Attributable underlying EBIT was higher at $13.5 billion (2020: $5.3 billion), reflecting the impact of significantly higher realised prices achieved for the Group's products and the easing of Covid-19 related restrictions that impacted sales in 2020. Average attributable capital employed increased to $31.4 billion (2020: $30.5 billion), primarily due to growth capital expenditure, largely at Quellaveco (Copper) and Woodsmith (Crop Nutrients).

Bond maturity profile[1]



[1] Bond maturity profile based on contractual repayments at hedge rates

Liquidity and funding

Group liquidity remains conservative at $17.1 billion (2020: $17.5 billion), comprising $9.1 billion of cash and cash equivalents (2020: $7.5 billion) and $8.0 billion of undrawn committed facilities (2020: $10.0 billion).

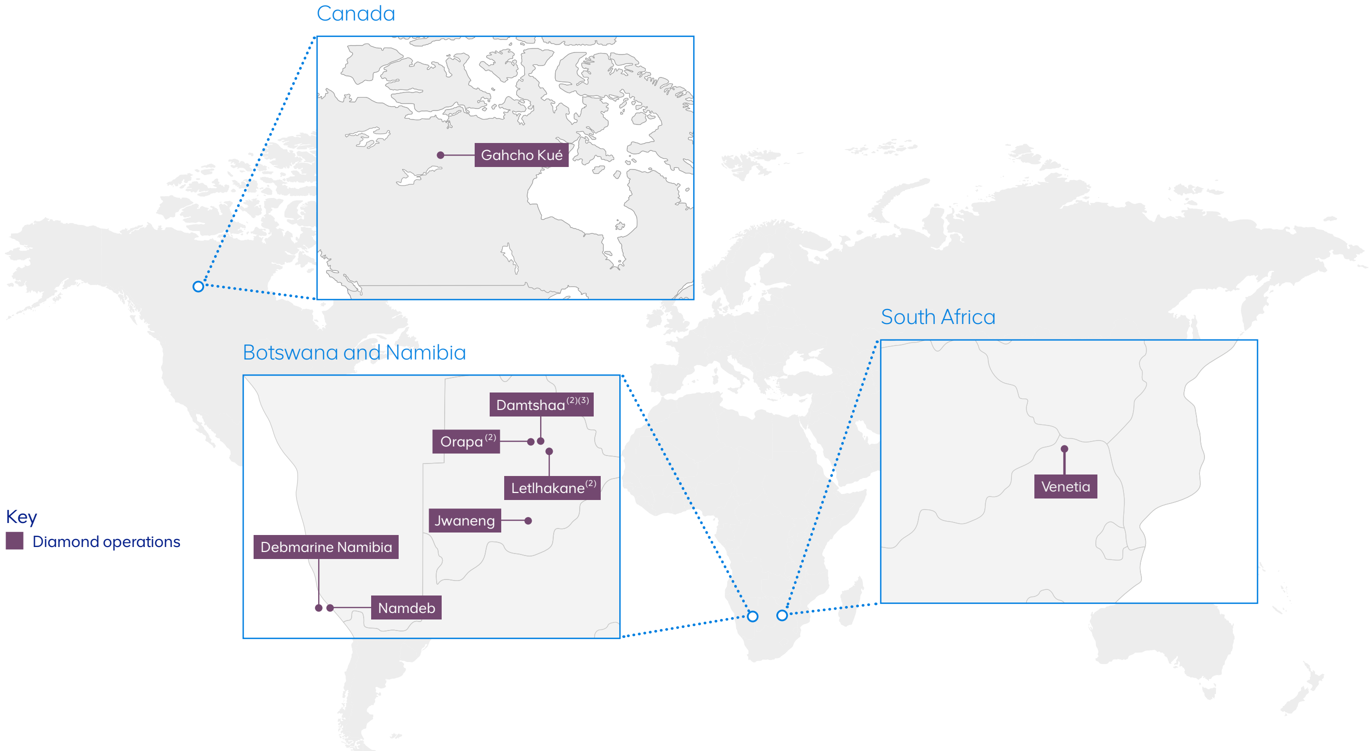
In March 2021, the Group issued $500 million 2.250% Senior Notes due 2028, and $500 million 2.875% Senior Notes due 2031, as part of the Group's routine financing activities.

In June 2021, the Group bought back US dollar denominated bonds with maturities in 2025. The Group used $1.0 billion of cash to retire $0.9 billion of contractual repayment obligations (including derivatives hedging the bonds).

The weighted average maturity on the Group's bonds decreased marginally to 6.2 years (31 December 2020: 6.3 years).

The Group has an undrawn $4.7 billion revolving credit facility due to mature in March 2025.

In April 2020, the Group signed a new $2.0 billion revolving credit facility with an initial maturity date of April 2021. After the Group's $1.0 billion bond issuance in March 2021, the Group issued a notice of cancellation for the facility, which became effective in March 2021 and, accordingly, this facility is no longer available.



De Beers

Anglo American owns 85% of De Beers, a world 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.

Our business

De Beers sells the majority of its rough diamonds through 10 Sight sales each year to Sightholders, with the balance being sold via its Auctions business to registered buyers. It licenses its diamond brand De Beers Forevermark and markets and sells polished diamonds and diamond jewellery via its De Beers 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 three mines[3], including Jwaneng, one of the world's richest diamond mines by value. This mine's high grade ore contributes around 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 57 million carats[4] of rough diamonds. De Beers and the GRB have agreed to a further six-month extension to the existing sales agreement due to the ongoing impact of Covid-19.

Management

Bruce Cleaver
CEO
De Beers

2021 Summary

0
Fatalities

2.03
TRCFR[1]

$1,100 m
Underlying EBITDA

47%
Mining EBITDA margin

32,276
Production volume ('000 carats)

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

▲ The Benguela Gem diamond recovery vessel in Cape Town.

Benguela Gem – the world's biggest custom-built diamond recovery vessel

For more than a century, diamonds have been mined on the Atlantic shoreline of what is today Namibia. Over the past two decades, however, marine production has overtaken that from land-based operations, and now accounts for about 75% of Namdeb's total output, while 94% of its Diamond Resources are marine deposits.

The marine side of Namdeb's business, Debmarine Namibia, operates a fleet of six diamond recovery vessels. Diamonds are retrieved from the ocean floor using advanced drilling and crawler-mining technology, with most being processed on board – and the company's leadership in this field is set to be further consolidated through taking delivery of the world's biggest custom-built diamond recovery vessel, the Benguela Gem.

Behind the construction of the vessel is a truly international taskforce. The project is being managed by De Beers Marine South Africa; the ship was designed in Norway and Poland; the electrical systems were designed in the Netherlands; it was built in Romania; and is being fitted out, including installation of the mission equipment (comprising mainly a sub-sea crawler, treatment plant, and the crawler's launch and recovery system), in South Africa.

The project has been technically complex, and keeping it on schedule, and within budget – despite all the Covid-19 related complications – has demanded the latest management and organisational structures, systems and processes; the application of advanced technologies; and an extraordinary degree of collaboration between the many different teams involved.

A key factor behind its success was the project team's developing a project-maturity matrix from the outset to assess engineering and commercial risk to the project. This enabled the feasibility design to be advanced in a manner that reduced technical, cost-estimate and schedule risk. Another factor was the advanced operational-readiness programme, which included training and crewing staff for the vessel (161 people), as well as maintenance systems development and spares procurement. Building the mission equipment at the same time as the vessel was being constructed also brought down the time to completion.

The Benguela Gem, which is expected to operate for at least 30 years, arrived in Cape Town in September 2021, and the mission equipment outfitting was completed in December 2021. The vessel is now in the final stages of commissioning and is expected to go into production at the end of the first quarter of 2022, two months ahead of plan.

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 approximately 79 million carats[4] in approximately 1.1 million k(m^2) of seabed. Marine diamond deposits represent around 75% of the partnership's total diamond production and 94% of Diamond Resources.

In South Africa, the Venetia operation is the country's largest producer of diamonds, contributing about half of South Africa's annual diamond production, by volume. Open pit mining is scheduled for completion in 2022 and the transition is already well under way to convert to underground mining. The $2.1 billion Venetia Underground project is expected to extend the life of the mine to 2047 and yield an estimated 88 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 9-year life, producing an average of 5 million carats a year, yielding an estimated total of 44 million carats (100% basis)[4].

De Beers also develops industrial supermaterials 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.

Rough diamond production by country*

Russia	28%
Botswana	20%
Angola	10%
Canada	9%
South Africa	9%
Namibia	7%
DRC	4%
Other	13%
Total	**$10.7 bn**

* Data relates to 2020 and is rough diamond production by value.

Diamond jewellery demand by country*

USA	51%
China	11%
Japan	7%
India	6%
Gulf	4%
Rest of world (excluding top five)	22%
Total	**$68.3 bn**

* Data relates to 2020 and is diamond jewellery value at retail prices. Data for China does not include Hong Kong, Macau and Taiwan.

Safety

During 2021, De Beers experienced no work-related loss of life incidents at its managed operations. The TRCFR improved by 7% to 2.03 (2020: 2.18).

De Beers started to pilot its Pioneering Brilliant Safety (PBS) framework, rolling it out at three sites during the year, with the aim of moving safety maturity to 'Beyond Zero', so that 'Safety First' becomes inherent in every day life. The strategy includes Leadership and Culture Development and Competency Development, as well as creating an environment where everyone can feel psychologically safe and are proactive in identifying high potential hazards (HPHs). Implementation of the Elimination of Fatalities (EoF) programme and related workstreams continued in 2021, in support of the PBS framework. De Beers achieved 96% (>95% target) for the EoF workstreams.

Environmental performance

Energy use increased by 8% to 4.1 million GJ (2020: 3.8 million GJ) and GHG emissions by 2% to 0.43 Mt CO_2e (2020: 0.42 Mt CO_2e), principally due to the recovery of mining operations after the Covid-19 related disruptions which impacted production across all De Beers' operations in 2020. The increase in both energy usage and emissions was mitigated by the progress made in implementing energy-efficiency projects at Venetia and Gahcho Kué, the switch to renewable electricity purchases in the UK and US and by rooftop solar power installations at a number of sites.

Financial and operational review

Total revenue increased significantly to $5.6 billion[1] (2020: $3.4 billion), with rough diamond sales rising to $4.9 billion* (2020: $2.8 billion), driven by positive sentiment and strong demand for diamond jewellery in key consumer markets. With midstream capacity recovering, despite the second wave of Covid-19 infections in India in the second quarter of 2021, on a consolidated basis, rough diamond sales volumes were significantly higher at 33.4 million carats (2020: 21.4 million carats). The average realised price rose by 10% to $146/ct (2020: $133/ct), primarily as a result of positive market sentiment which gave rise to an 11% strengthening of the average rough price index. Revenue also increased within De Beers' other businesses, including Element Six.

Underlying EBITDA increased to $1,100 million (2020: $417 million), reflecting the improvement in sales driven by the recovery in demand. Unit costs were broadly flat at $58/ct (2020: $57/ct), as the benefit of higher production volumes was offset by an increase in input costs and unfavourable exchange rates.

Capital expenditure increased by 48% to $565 million (2020: $381 million), as spend returned to more normalised levels following the deferral of sustaining projects during 2020 in response to Covid-19. The execution of Venetia Underground (in South Africa) and Jwaneng Cut-9 (in Botswana) life extension projects continued to progress, and the mine life extension of the Namibian land operations was approved during the year. The new AMV3 vessel for Namibia, now named the Benguela Gem (the largest and most advanced diamond recovery vessel ever built), arrived in Cape Town in September 2021 to complete preparations for commissioning in the first quarter of 2022.

* Total revenue and rough diamond sales for 2019 were $4.6 billion and $4.0 billion respectively.

2021 Results

	2021	2020
Production volume ('000 cts)[1]	32,276	25,102
Sales volume ('000 cts)[1][2]	33,357	21,380
Price ($/ct)[1][3][4]	146	133
Unit cost ($/ct)[1][4][5]	58	57
Revenue – $m[1][6]	5,602	3,378
Underlying EBITDA – $m[1][4]	1,100	417
Mining EBITDA margin[1][7]	47%	54%
Trading margin	11%	3%
Underlying EBIT – $m[1][4]	620	0
Capex – $m[1][4]	565	381
Attributable ROCE[1]	7%	0%

Fatalities[8]	0	0
TRCFR[8]	2.03	2.18
Energy consumption – million GJ[8]	4.1	3.8
GHG emissions – Mt CO_2 equivalent[8]	0.43	0.42
Total water withdrawals – million m^3[9]	11.6	10.1
Employee numbers[10]	10,000	10,700

(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 36.3 million carats (31 December 2020: 22.7 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) Results by country can be found in the Summary by operation on pages 259–260.
(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 $4.9 billion (31 December 2020: $2.8 billion).
(7) Total De Beers EBITDA margin shows mining EBITDA margin on an equity basis, which excludes the impact of non-mining activities, third-party sales, purchases, trading downstream and corporate.
(8) Data is for De Beers' managed operations.
(9) Data is for De Beers' managed operations and other managed entities. 2020 figures have been restated.
(10) Average number of employees, excluding contractors and associates' and joint ventures' employees, and including a share of employees within joint operations, based on shareholding.

Markets

The diamond industry continued to recover from the impacts of the Covid-19 pandemic during 2021. In the first half of the year, consumer sales of diamond jewellery in the US and mainland China posted positive growth not only on the Covid-19 affected sales in 2020, but also in comparison to 2019 before the onset of the pandemic. Other global consumer markets initially saw a less pronounced rebound due to the uneven timing of pandemic impacts across the world, but the second half of 2021 saw a more positive recovery trend across the entire international diamond value chain.

The ongoing increase in consumer demand led to strong growth rates in consumer sales of diamond jewellery in the US, with holiday season sales increasing by about a third compared to 2020. The strength of demand was the result of an accumulation of savings by US consumers through the various lockdowns and restrictions on movement seen earlier in the pandemic; a pent-up demand for weddings and engagements; a strong desire for diamonds as meaningful gifts that symbolise personal connection; less luxury travel; and supported by ongoing marketing campaigns (including an increase in marketing effectiveness from De Beers).

The positive demand trends in retail underpinned the increased demand for polished diamonds and as a result, stocks of polished diamonds in cutting centres steadily declined during the course of the year. Lower supply and steady demand for polished diamonds from retailers supported growth in polished diamond prices.

As downstream and midstream demand conditions continued to improve, rough diamond production and prices increased throughout the year, following the significant reductions seen at the start of the pandemic. Midstream sentiment and rough diamond demand were robust throughout 2021.

Operational performance

Mining and manufacturing

Rough diamond production increased by 29% to 32.3 million carats (2020: 25.1 million carats) primarily due to the lower levels of production in 2020 as a result of the impact of Covid-19 related lockdowns and lower demand due to the pandemic. Despite the operational issues and heavy rains in southern Africa in the first quarter of 2021, production was increased to meet the stronger demand for rough diamonds.

In Botswana, production was 35% higher at 22.3 million carats (2020: 16.6 million carats) as production was increased in response to stronger prevailing demand. Production at Jwaneng increased by 71% to 12.9 million carats (2020: 7.5 million carats) due to the planned treatment of higher grade ore, and as a result of Covid-19 related lockdowns in the previous year. Production at Orapa increased marginally by 5% to 9.4 million carats (2020: 9.0 million carats), despite the impact of heavy rainfall at the beginning of the year and the planned closure of Plant 1 in late 2020.

In Namibia, production was broadly in line at 1.5 million carats (2020: 1.4 million carats), reflecting an increase from the remobilisation of most vessels in late 2020, partly offset by planned maintenance.

In South Africa, production increased by 41% to 5.3 million carats (2020: 3.8 million carats), owing to the impact of the Covid-19 lockdowns in the first half of 2020 and the planned processing of higher grade ore from the final cut of the Venetia open pit.

In Canada, production was marginally lower at 3.2 million carats (2020: 3.3 million carats), mainly due to a temporary Covid-19 related shutdown in the first quarter of 2021.

Brands and consumer markets

2021 saw a strong recovery in consumer demand for De Beers' branded diamond jewellery from De Beers Jewellers and De Beers Forevermark, with both achieving double digit retail growth year-on-year. De Beers also continued to expand its retail stores in 2021, including its new flagship store in Old Bond Street, London and new stores in China and Qatar.

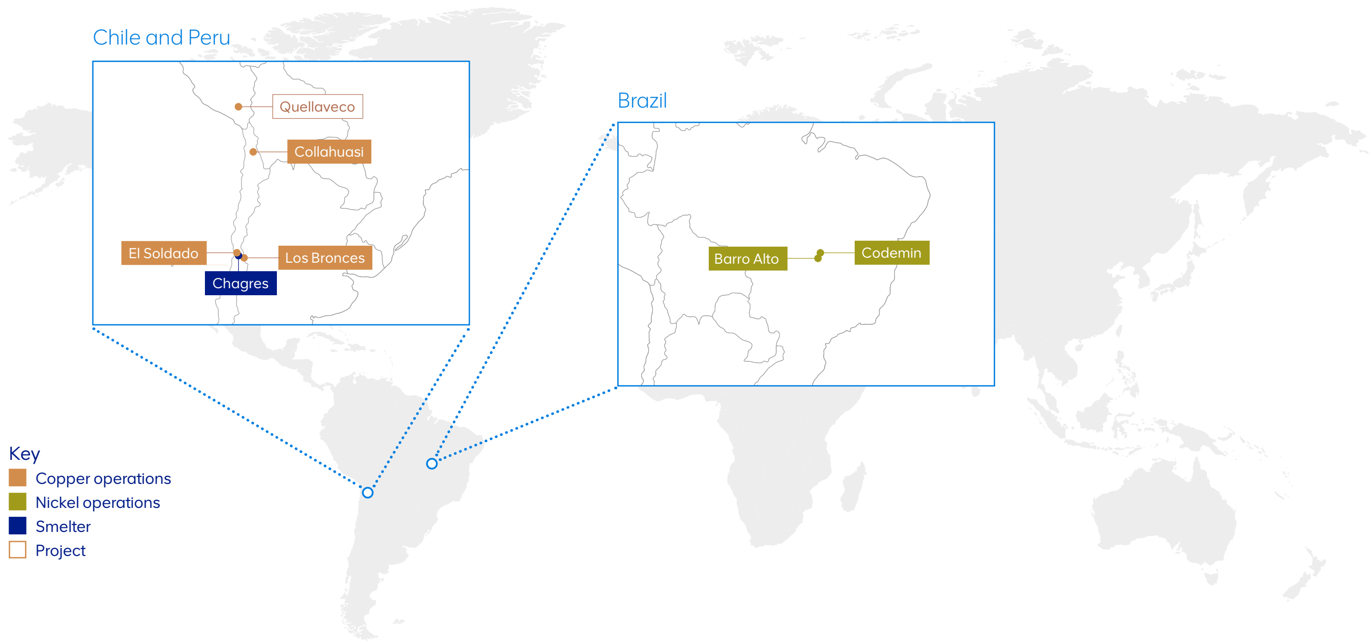
In August 2021, De Beers Group announced a new 'One De Beers' approach and its focus on establishing De Beers as a 'purpose-led' brand. De Beers has now launched a new brand campaign built around a widening interpretation of the phrase 'I do', itself the embodiment of one of the most time-honoured expressions of intent and values.

Operational and market outlook

Expectations for retail restocking in early 2022 are encouraging following the strong retail sales of diamond jewellery over the holiday season. The growth in consumer demand for diamond jewellery is expected to continue, driven by the US, primarily due to continued economic recovery, higher accumulated savings and postponed marriages. Rough diamond demand is expected to remain steady as the midstream continues to operate with lower stock levels, manufacturing below full capacity but using a faster manufacturing cycle. While there continue to be risks relating to the effects of Covid-19 across the pipeline, geo-political uncertainty and cost inflation pressures, sentiment in the midstream is expected to remain positive on the back of anticipated strong US retailer restocking in the first quarter.

The longer term evolution of the diamond value chain continues, including a sustained focus on inventory balance, the efficient distribution of diamonds throughout the pipeline, increased online purchasing, and a greater focus on the provenance and sustainability credentials of companies and their products. De Beers is well positioned to take advantage of these changes. The long term outlook for diamond jewellery demand remains positive.

Production guidance for 2022 is 30–33 million carats (100% basis), subject to trading conditions and the extent of further Covid-19 related disruptions. Unit cost guidance for 2022 is c.$65/ct, reflecting the impact of inflation.



Base Metals

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.

Our nickel assets, based in Brazil, produce ferronickel – a key ingredient in the production of stainless steel.

Management team

Ruben Fernandes
CEO
Base Metals

Aaron Puna
CEO
Anglo American, Chile

Adolfo Heeren
CEO
Anglo American, Peru

Wilfred Bruijn
CEO
Anglo American, Brazil

2021 Summary – Copper

0 Fatalities Copper Chile	1.55 TRCFR Copper Chile
1 Fatalities Quellaveco	2.93 TRCFR Quellaveco
$4,011 m Underlying EBITDA(1)	62% Mining EBITDA margin(1)
647 kt Production volume	

2021 Summary – Nickel

0 Fatalities	1.26 TRCFR
$320 m Underlying EBITDA	45% Mining EBITDA margin
41,700 kt Production volume	

▲ This photovoltaic (PV) facility, built over a tailings pond, supplies solar energy to power the new hydrogen plant at Las Tórtolas, part of the Los Bronces mine complex in Chile.

(1) Includes Copper Chile and Quellaveco.

Copper

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 mid-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.

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. 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 demand by region – refined consumption

China	52%
Europe	16%
Asia excl. China	15%
North America	10%
Middle East	3%
Russia and the Caspian	2%
South America and Caribbean	1%
Africa	1%
Global total	**24.5 Mt**

Source: Wood Mackenzie

Copper demand by sector – total consumption

Construction	29%
Electrical network	27%
Consumer and general	22%
Transport	11%
Industrial machinery	11%
Global total	**30.6 Mt. Includes direct use scrap**

Source: Wood Mackenzie

▲ Hydrogen technology advisor Maria Loreto Maturana at the launch of the hydrogen generator module at the Las Tórtolas flotation plant.

Hydrogen begins to power Chile's future

As a country poorly endowed with conventional energy sources, but rich in renewable energy, Chile has big plans for hydrogen. With huge solar and wind power potential, and strong official backing from the Ministry of Energy, Chile is determined to become a leading global hydrogen supplier and is the first country in South America to have a concrete national strategy for generating green hydrogen, with more than 40 green hydrogen projects under development.

Anglo American's own energy plans dovetail with much of this. In 2021, our managed assets in the country shifted to electricity sourced exclusively from renewable resources and all our managed operations in Chile are now running on renewable electricity.

A key milestone on our own journey to carbon neutrality was reached in August 2021, when our Copper business launched Chile's first hydrogen plant for zero-carbon vehicles at its Los Bronces operation, as part of a pilot programme that has introduced a gas-powered forklift crane at the Las Tórtolas flotation plant, where green hydrogen is produced by splitting water into hydrogen and oxygen using an electrolyser.

Hydrogen technology advisor Maria Loreto Maturana explained: "The two-year pilot project, though modest in scale, is the home of the first hydrogen refuelling station and fuel cell vehicle plant in Chile. It represents the first step of our journey towards decarbonisation of our mining operations in the country and is a crucial test for Anglo American's plans to use hydrogen as part of its efforts to achieve carbon neutrality in our Chilean operations."

The plant's hydrogen generator module, which is powered using solar energy in combination with re-used water from the flotation process, has a production capacity of 2 kilograms of hydrogen a day. It powers both the forklift support vehicle, which is expected to reduce Las Tórtolas's annual CO_2 emissions by 24 tonnes, as well as a stationary fuel cell that will re-inject energy into the local electricity grid.

CEO Anglo American, Chile, Aaron Puna observes: "Chile has set out to be a world leader in the production of green hydrogen, and we want to work with the government in accelerating this 'win-win' agenda, which will also help Anglo American to reach its own goal of carbon neutrality across its global operations by 2040."

Safety

Copper Chile

Copper Chile reported no fatalities in 2021 and the TRCFR decreased by 2% to 1.55 (2020: 1.58). Although there were no significant operational impacts from Covid-19 related disruptions, the pandemic continued to be a threat, with the potential to add stress, fatigue and loss of focus that can lead to safety incidents. To address this, several awareness campaigns and ongoing actions have been instigated, as well as studying the findings of investigations relating to the issue.

A number of other safety initiatives were implemented, including improvements to the process of reporting high potential hazards, safety transformation, a digital control monitoring project and to the quality of Learning from Incidents (LFI) investigations in addition to the ongoing integration of the Group's Operational Risk Management process and Elimination of Fatalities programme.

Quellaveco

Regrettably, during 2021, Quellaveco recorded one loss of life when Carlos Gonzalo Rodríguez Delgado was fatally injured in a traffic incident. The TRCFR increased by 33% to 2.93 (2020: 2.20). Safety performance was negatively affected in the first half of the year as employees and contractors returned to site after the second wave of Covid-19. Workforce availability was affected by the need to isolate the increasing number of Covid-19 cases which, in turn, impacted work plans, including the reassignment of supervisors to different work fronts. Focused efforts in the second half of the year, including the return to face-to-face meetings and increased supervision of work activities, resulted in a significant improvement in the safety performance at the site.

The implementation of Advanced Driver Assistance Systems has started on site, with 80% of the target met for the first phase of real-time monitoring of speed and driver fatigue status. Implementation of the Group's Elimination of Fatalities programme is progressing. Quellaveco has also placed a strong focus on the recognition of safe behaviour at monthly LFI meetings. Quellaveco has developed 35 safety technical standards for the operating stage of the project based on the Anglo American's global technical standards and Peruvian legislation.

Environmental performance

Copper Chile

At Copper's Chilean operations, energy use increased by 13% to 12.8 million GJ (2020: 11.3 million GJ) while GHG emissions decreased by 65% to 0.37 Mt CO_2e (2020: 1.07 Mt CO_2e). Energy use increased mainly due to maintaining copper production while the operations were processing planned lower average copper grades. The decrease in GHG emissions was driven by the renewable power purchase agreement commencing in January 2021, in terms of which our three Copper operations in Chile were supplied wholly with renewable power.

Quellaveco

Energy use more than doubled to 1.6 million GJ (2020: 0.6 million GJ), and GHG emissions increased to 0.12 Mt CO_2e (2020: 0.05 Mt CO_2e), reflecting the expansion of construction activity following the Covid-19 related lockdowns in the prior year.

2021 results – Copper Chile

	2021	2020
Production volume (kt)	647	647
Sales volume (kt)(1)(2)	641	648
Unit cost (c/lb)(1)(3)	120	113
Group revenue – \$m(1)(4)	6,433	4,199
Underlying EBITDA – \$m(1)	4,112	1,921
Mining EBITDA margin(5)	63%	45%
Underlying EBIT – \$m(1)	3,530	1,285
Capex – \$m(1)	996	645
Attributable ROCE	81%	36%
Fatalities	0	0
TRCFR	1.55	1.58
Energy consumption – million GJ	12.8	11.3
GHG emissions – Mt CO_2 equivalent	0.37	1.07
Total water withdrawals – million m³	33.5	35.8
Employee numbers	4,300	3,800

(1) Results by asset and the consolidated results for Copper can be found in the Summary by operation on pages 259–260.
(2) Excludes 432 kt third-party sales (31 December 2020: 453 kt).
(3) C1 unit cost includes by-product credits.
(4) Group revenue is shown after deduction of treatment and refining charges (TC/RCs). Total Copper Chile prior year comparatives have been restated from a gross to net presentation. See note 7 to the Consolidated financial statements for more details.
(5) Excludes impact of third-party sales.

2021 results – Quellaveco

	2021	2020
Capex – \$m(1)	777	788
Fatalities	1	0
TRCFR	2.93	2.20
Energy consumption – million GJ	1.6	0.6
GHG emissions – Mt CO_2 equivalent	0.12	0.05
Total water withdrawals – million m³	0.7	1.5
Employee numbers	750	400

(1) 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. Full year capex on a 100% basis is \$1,295 million (2020: \$1,314 million), of which the Group's share is \$777 million (2020: \$788 million). Capex presented relates to the main project. An additional amount of \$30 million (2020: \$10 million) was spent at the site, mainly on CPR.

Financial and operational review – Copper

Underlying EBITDA more than doubled to \$4,011 million (2020: \$1,864 million), underpinned by record copper prices.

Copper production of 647,200 tonnes was in line with the prior year (2020: 647,400 tonnes). Planned lower grades were fully offset by continued strong plant performance at Collahuasi and the implementation of water management initiatives at Los Bronces. Unit costs increased by 6% to 120 c/lb (2020: 113 c/lb), reflecting a stronger Chilean peso and high levels of local inflation impacting production and selling costs, partly offset by an increase in waste stripping capitalised and higher by-product credits.

Capital expenditure increased by 23% to \$1,773 million (2020: \$1,443 million), reflecting adverse movements in the Chilean peso and higher capitalised waste stripping as a result of resuming mine development activity following the impact of the pandemic in 2020.

Markets

	2021	2020
Average market price (c/lb)	423	280
Average realised price (c/lb)	453	299

The difference between the market price and realised price is largely a function of provisional pricing adjustments, with 162,361 tonnes of copper provisionally priced at 442 c/lb at 31 December 2021 (2020: 140,599 tonnes provisionally priced at 352 c/lb), and the timing of sales across the year.

The average LME copper price increased by 51%, due to a strong recovery in economic activity following the initial waves of the Covid-19 outbreak in 2020. While demand rebounded sharply in 2020 in China, momentum in 2021 was led by the US and Europe, as China faced headwinds in its real estate sector. The strength of demand for copper, like many commodities, was reinforced by government measures which were implemented to help offset the effects of the pandemic and, during the year, this was further affected by the supply-chain bottlenecks in major economies. Copper supply growth continued to be constrained, resulting in declines in reported inventories to multi-year lows. Demand for the metal has benefited from copper's key role in global decarbonisation efforts, with growth in copper-intensive applications, such as wind and solar power generation. Investment fund interest in copper also contributed to price strength, as prices reached a record high of 486c/lb in May 2021, although concerns about inflation and potential interest rate rises have tempered further advances.

Operational performance – Copper

Copper production was in line with the prior year at 647,200 tonnes (2020: 647,400 tonnes).

At Los Bronces, production increased marginally by 1% to 327,700 tonnes (2020: 324,700 tonnes) due to higher water availability owing to water management initiatives, partially offset by planned lower grades (0.70% vs. 0.81%). C1 unit costs increased by 6% to 158 c/lb (2020: 149 c/lb), with the benefit of higher waste stripping capitalised and higher by-product credits, offset by the stronger Chilean peso and inflation, as well as cost increases associated with water management.

At Collahuasi, Anglo American's attributable share of copper production of 277,200 tonnes was a record and slightly above the prior year (2020: 276,900 tonnes). C1 unit costs decreased by 2% to 61 c/lb (2020: 62 c/lb), reflecting the benefit of higher production and by-product credits, offset by the stronger Chilean peso and inflation.

Production at El Soldado decreased by 8% to 42,300 tonnes (2020: 45,800 tonnes) due to lower grades in accordance with the mine plan (0.73% vs. 0.84%). C1 unit costs of 206 c/lb are broadly in line with the prior year (2020: 204 c/lb), with the impact of lower production volumes, the stronger Chilean peso and inflation being offset by an increase in waste stripping capitalised.

Chile´s central zone continues to face severe drought conditions. While production impacts during 2021 have been fully mitigated by the successful implementation of water management initiatives, record low levels of precipitation during the year have reduced water availability for Los Bronces in the first half of 2022 and have been factored into our production guidance.

Quellaveco update

The project is on track to achieve first production in mid-2022, in line with the original project schedule despite the challenges presented by the Covid-19 pandemic to date.

2021 saw the achievement of several major milestones and, as at February 2022, construction on all work fronts is reaching the final stages. The Vizcachas Dam – part of the infrastructure that will provide water to both the operation and local communities – is now commissioned and turned over to the operating team, and the 95 km water pipeline to site is on track to complete in the first quarter of 2022. In the mine, pre-stripping started in April 2021, moving 24 million tonnes in the year, and first ore was reached and excavated in October. The majority of the mine equipment fleet is now assembled, being the first in Peru to use fully automated haul trucks and drills, and all three rope shovels are operation-ready. Significant progress has been made on the primary crusher, with commissioning due to begin in the first quarter of 2022. The overland ore transport conveyor belt to the processing plant is being installed following completion of excavation work in the tunnel section of the conveyor route. We are also nearing construction completion at the processing plant, and pre-commissioning of the first of two milling lines began in January 2022. In the tailings area, the starter dam is built to its full elevation, and at the port, works to expand the existing port facilities remain on track to allow copper concentrate shipments to begin in 2022.

During January and early February 2022, Peru has been experiencing its third wave of Covid-19 following the spread of the Omicron variant throughout the country. While almost all of the on-site workforce is fully vaccinated and serious illness has been rare, progress has been negatively impacted by reduced workforce availability and the need to isolate the increasing number of Covid-19 cases identified on site. To date, this disruption has not materially impacted the project schedule or capital estimate; however, the camp has, at times, reduced to 50% occupancy rates, compared with 95% in December 2021 and early January 2022, and the full impact will depend on how long these challenging conditions last. As a result of this, production guidance for 2022 has been revised (see operational outlook below) and the total project capital expenditure estimate has been tightened to $5.4–5.5 billion (previously $5.3–5.5 billion), of which the Group's share is c.$2.8 billion.

Capital expenditure in 2021 (on a 100% basis) was $1.3 billion, of which the Group's share is $0.8 billion. Guidance for 2022 remains $0.8–1.1 billion (100% basis), of which the Group's share is $0.5–0.7 billion.

In 2022, focus is shifting to commissioning and operational readiness, which is aligned with the Anglo American Operating Model. The operating team is largely in place, along with a dedicated commissioning team implementing an integrated commissioning plan. All key obtainable permits have been received, and we are on track to obtain operational permits that become available as infrastructure is completed. In addition, key operational contracts are placed or under negotiation. The local Moqueguan workforce has been key to the success of the project and, as we near the close-out of construction activities, we are working closely with government and local communities to manage the demobilisation and support future employment opportunities for the local workforce.

Revised mine design and planning at the Quellaveco district has led to an 18% increase in Ore Reserves, with estimated contained copper of c.8.9 million tonnes at 0.53% TCu, and a resultant six-year increase in the Life of Mine to 36 years.

Operational outlook – Chile

Production guidance for Chile for 2022 is 560,000–600,000 tonnes, subject to the extent of further Covid-19 related disruptions and water availability. C1 unit cost guidance for Chile for 2022 is c.145c/lb, reflecting lower production volumes, the impact of inflation, higher input costs and water purchases, as well as lower by-product credits.

Operational outlook – Quellaveco

We expect to achieve first production in mid-2022, followed by a 12-month ramp-up to full capacity. Production guidance for Quellaveco for 2022 is 100,000–150,000 tonnes (previously 120,000–160,000 tonnes). Both the schedule and production guidance remain subject to the extent of current and ongoing Covid-19 related disruption. C1 unit cost guidance for 2022 is c.125 c/lb, based on ramp-up production volumes. It is, therefore, highly dependent on production start date and is subject to further Covid-19 impacts. Unit costs are expected to average c.95c/lb over the first five years once the operation reaches full production capacity from 2023.

All guidance, project progress and capital expenditure remain subject to the extent of ongoing and further Covid-19 related disruption. Quellaveco expects to deliver around 300,000 tonnes per year of copper equivalent production on average in its first 10 years of operation.

Nickel

Our business

Our nickel assets are wholly owned, consisting of two ferronickel production sites: Barro Alto and Codemin. Our Nickel business has the capacity to produce around 45,000 tonnes per annum of nickel, whose primary end use is in the global stainless steel industry.

Uses of nickel

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.

Global primary nickel demand by sector

Stainless steel	69%
Batteries	11%
Non-ferrous alloys	7%
Plating	6%
Alloy steel	3%
Foundry	2%
Other	2%
Global total	**2.7 Mt**

Source: Wood Mackenzie

Safety

Our Nickel business has not had a fatal incident since 2012. In 2021, the TRCFR decreased by 17% to 1.26 (2020: 1.51). There were no production interruptions due to Covid-19 and the protocols to control it were well assimilated in operations, with minor operational impacts. Our resilient safety culture programme continued to progress well, despite restrictions on face-to-face events, as did the integration of the Group's Operating Model and Operational Risk Management processes. The implementation of the Elimination of Fatalities programme remains a priority, particularly accelerating the completion of improvements to surface mobile equipment and vehicles. Another priority is to better integrate contractors into the Anglo American Safety Management System.

Environmental performance

Energy use decreased by 2% to 20.8 million GJ (2020: 21.3 million GJ) while GHG emissions increased by 11% to 1.38 Mt CO_2e (2020: 1.24 Mt CO_2e). Solar and wind energy contracts were signed to supply electricity to our Brazilian operations, demonstrating our commitment to minimise GHG emissions. Those contracts together will supply 1,954 GWh per year of clean and renewable energy, equivalent to100% of the electricity consumption of our Nickel operations.

▲ Nickel-containing alloys are crucial in the production of smartphones, laptops and other portable devices.

Nickel – an essential element in all our futures

Nickel is the fifth most common element on Earth, with known reserves of around 94 million tonnes. It occurs principally as two types of deposits: laterites that can be mined by open pit methods, and sulphides that are found underground.

Anglo American produces two categories of nickel. Our Barro Alto and Codemin open pit operations in Brazil mine laterite deposits and then process the nickel-bearing ore to produce up to 45,000 tonnes of nickel a year. Our PGMs operations in southern Africa produce c.22,000 tonnes of nickel annually as a co-product.

Steel is a critical foundational material for almost all infrastructure, including high tech construction of buildings, industrial plants, bridges and tunnels, and will provide the backbone of the low carbon economy and wider, long term socio-economic development. Each year, approximately two-thirds of all refined nickel output goes into the production of high quality, heat- and corrosion-resistant stainless steels, which typically contain 8–10% nickel. A further 25% is used in the manufacture of alloy steels and non-ferrous alloys, with nickel's special formability, weldability and ductility properties enhancing the quality of these products. Most of the remaining demand for nickel-containing alloys is from chemical plants; for 'superalloys' that can withstand extreme temperatures and are used in the aviation industry; from the electronics sector, for smartphones, laptops and other portable devices; and for chromium plating.

As developing nations, and especially China, continue with their industrialisation and urbanisation programmes, nickel offtake is steadily increasing. Adding to growing demand for the metal in energy-storage systems such as wind turbines and solar panels, nickel is a critical input in lithium-ion batteries used in multiple carbon-abatement technologies, including BEVs, which continue to increase their share of the automotive sector. Lithium-ion batteries offer greater energy density and storage at lower cost, delivering longer range, currently a major restraint to EV uptake. Already, the lithium-ion battery packs in today's BEVs each contain around 35 kilograms of nickel – and they are likely to need higher amounts of the metal in future as vehicle manufacturers constantly seek more powerful batteries.

2021 Results – Nickel

	2021	2020
Production volume (t)	**41,700**	43,500
Sales volume (t)	**42,100**	43,000
Unit cost (c/lb)[1]	**377**	334
Group revenue – $m[2]	**710**	534
Underlying EBITDA – $m	**320**	206
Mining EBITDA margin	**45%**	36%
Underlying EBIT – $m	**261**	79
Capex – $m	**29**	33
Attributable ROCE	**21%**	5%
Fatalities	**0**	0
TRCFR	**1.26**	1.51
Energy consumption – million GJ	**20.8**	21.3
GHG emissions – Mt CO_2 equivalent	**1.38**	1.24
Total water withdrawals – million m³	**7.0**	8.0
Employee numbers	**1,400**	1,400

(1) C1 unit cost.
(2) Nickel prior year revenue has been restated. See note 2 to the Consolidated financial statements for more details.

Financial and operational review

Underlying EBITDA increased by 55% to $320 million (2020: $206 million), reflecting higher realised nickel prices and continued operational stability. C1 unit costs increased by 13% to 377 c/lb (2020: 334 c/lb) as a result of lower production volumes and higher input and selling costs, partly offset by energy sales and a favourable Brazilian real.

Capital expenditure decreased by 12% to $29 million (2020: $33 million), primarily due to lower capitalised waste stripping.

Markets

	2021	2020
Average market price (c/lb)	**839**	625
Average realised price (c/lb)	**773**	563

Differences between the market price (which are LME-based) and our realised price (the ferronickel price) are due to the discounts (or premiums) to the LME price, which depend on market conditions, supplier products and consumer preferences.

The average LME nickel price of 839 c/lb was 34% higher (2020: 625 c/lb), as demand outstripped supply, with demand benefiting from the easing of Covid-19 restrictions globally, and particularly robust consumption in stainless steel and batteries (electric vehicles and energy storage) end-markets.

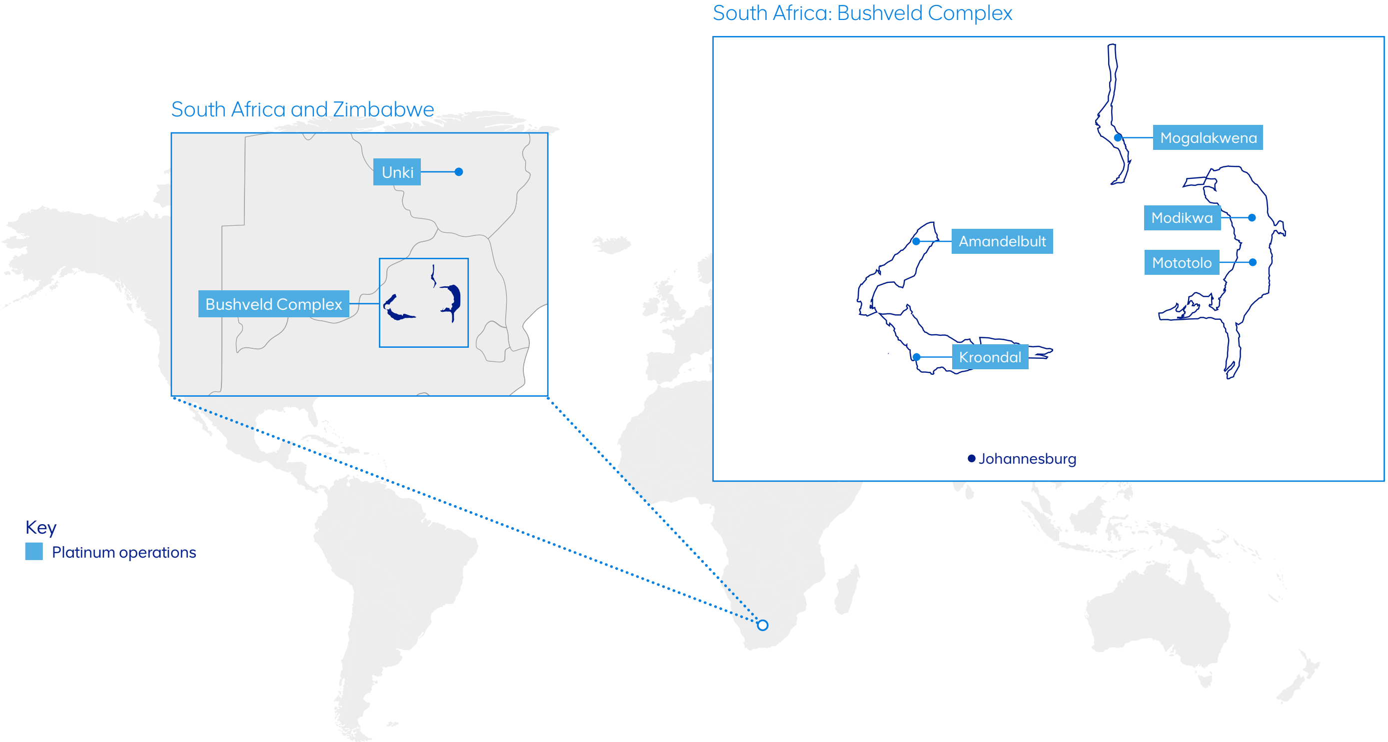
Operational performance

Nickel production decreased by 4% to 41,700 tonnes (2020: 43,500 tonnes), due to licensing delays in the second half of the year (the relevant licences only being received towards the end of the final quarter of the year) and planned lower ore grades.

Operational outlook

Production guidance for 2022 is 40,000–42,000 tonnes, subject to the extent of further Covid-19 related disruption.

C1 unit cost guidance for 2022 is c.450 c/lb, reflecting the impact of inflation, higher input costs and marginally lower production volumes.



Platinum Group Metals (PGMs)

Our PGMs business (held through an effective 79.2% 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.

Our business

We wholly own and operate three mining operations in South Africa's Bushveld complex: Mogalakwena – the world's largest open pit PGMs mine – Amandelbult and Mototolo. We also own and operate Unki mine – one of the world's largest PGM deposits outside of South Africa, on the Great Dyke in Zimbabwe. We own smelting and refining operations, located in South Africa, which treat concentrates from our wholly owned mines, joint operations and third parties. In 2021, we also had an interest in two jointly owned and independently managed mines – Modikwa and Kroondal, both located in South Africa.

On 20 December 2021, Anglo American Platinum announced the sale of its 49% interest in Bokoni. The transaction is subject to the fulfilment or waiver of notable conditions precedent and is expected to complete during 2022. In January 2022, Anglo American Platinum entered into transaction agreements for the sale of its 50% interests in the Kroondal

Management

Natascha Viljoen
CEO
Platinum Group Metals

2021 Summary

0 Fatalities	2.60 TRCFR
$7,099 m Underlying EBITDA	62% Mining EBITDA margin
4,299 koz Production volume – PGMs 5E+Au[(1)]	

(1) PGMs production is shown on a 5E+Au basis, i.e. platinum, palladium, rhodium, ruthenium and iridium plus gold.

▲ Technician Hendrik Lottering (left) and projects manager Juan Pieterse using the ConMon system at the Mogalakwena North Concentrator.

Constant online condition monitoring comes into its own

Remote condition monitoring is a vital aspect of our P101 transformational asset-productivity programme. It is being implemented across the Group in order to monitor critical equipment remotely on a continuous basis and to enable our data analytics teams to automate analysis of the data. The data analysis gives us insight into what equipment is showing signs of deterioration, how best to rectify the fault conditions, and the length of the equipment's remaining life.

The Constant Online Condition Monitoring (ConMon) system in operation at Mogalakwena is helping to take performance beyond existing benchmarks to reach new best-in-class P101 levels of productivity and is assisting in significantly reducing losses caused by maintenance downtime.

At Anglo American, we know that unplanned work can also be up to six times as expensive – and up to 75% less safe – than planned work. Technical and Sustainability principal De Wet Strydom observes: "We are striving for a more proactive, predictive maintenance approach to reduce unplanned downtime. ConMon is an important tool in the monitoring and safeguarding of critical machines by providing early warning of issues and preventing unplanned outages."

The ConMon system is able to identify potential failures up to six months in advance and equipment risks can then be prioritised. Crucially, defects can be dealt with during planned shutdowns.

ConMon has been installed on key equipment such as the rope shovel and the Mogalakwena North Concentrator crusher and in both areas has already led to substantial savings in avoided expenditure. At the crusher, ConMon detected worrying trends in vibration and temperature on rollers and bearings. This vital information enabled operations to be halted safely, without equipment being damaged, and in ample time to make repairs.

The cost of the planned total shutdown came to around $11 million, instead of an estimated c.$70 million if the initial failure had continued unmonitored, while not having to carry out unplanned downtime on the rope shovel translated to avoided expenditure of c.$1.3 million.

Platinum net demand by sector

Industrial	50%
Automotive	26%
Jewellery	22%
Investment	2%
Total	**5 million ounces**

Source: Johnson Matthey, adapted by Anglo American

Palladium net demand by sector

Automotive	80%
Industrial	14%
Jewellery	1%
Investment	0%
Total	**6.9 million ounces**

Source: Johnson Matthey, adapted by Anglo American

and Marikana pool-and-share agreements (the 'PSAs') to Sibanye-Stillwater (Sibanye). The transaction is subject to regulatory approvals, including section 11 consent for the transfer of the mining right and approvals by the Competition Authorities, as well as the delivery of 1.35 million 4E ounces of metal in concentrate by the Kroondal PSA (100% basis).

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 FCEV 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. FCEVs 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-based 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.

Safety

PGMs reported no work-related fatalities at the own-managed operations in 2021, achieving 471 fatality-free days to 31 December 2021. Tragically, however, two people died in October at Kroondal, which at that time was an independently managed joint operation. We are working closely with our joint-operation partners to continue to improve safety performance at all operations.

The TRCFR for PGMs' managed operations deteriorated to 2.60 (2020: 2.40). Mogalakwena and the Precious Metals Refinery had their best performances ever but, for most of the remaining operations, an increase in total injuries was recorded. PGMs has focused plans in place to address the root cause of the injuries and is working relentlessly to improve performance and ensure every employee goes home safely at the end of their shift.

Environmental performance

PGMs' total energy consumption increased by 15% to 20.8 million GJ (2020: 18.1 million GJ) and GHG emissions increased by 15% to 4.52 Mt CO_2e (2020: 3.94 Mt CO_2e), principally due to a 13% increase in production and more extended run times on the ACP than in the prior year. The Eskom Grid Emission Factor was increased retrospectively from 1.04 to 1.06 tonnes CO_2e emissions per MWh from July 2021, resulting in additional unplanned GHG emissions for the six months to December 2021.

PGMs 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 PV facility, with construction expected to commence in the final quarter of 2022, as well as several other smaller scale projects to increase the business's renewable energy supply.

Financial and operational review

Underlying EBITDA increased to $7,099 million (2020: $2,555 million), as a result of a 36% increase in the PGM basket price, driven mainly by the higher average rhodium price, as well as an 82% increase in sales volumes. EBITDA was slightly reduced by a change in inventory value estimation methodology, resulting in a $0.4 billion reduction in the value of inventory, with a corresponding increase in operating costs (see note 7 to the Consolidated financial statements for more detail). Unit costs increased by 22% to $868/PGM ounce (2020: $713/PGM ounce), reflecting the stronger South African rand and input cost inflation, partly offset by higher production volumes following the Covid-19 lockdowns and ACP shutdown in 2020.

Capital expenditure increased by 57% to $894 million (2020: $571 million) due to lower capital expenditure in the first half of 2020 as a consequence of deferred projects due to the impact of Covid-19.

	2021	2020
Average platinum market price ($/oz)	**1,086**	885
Average palladium market price ($/oz)	**2,388**	2,197
Average rhodium market price ($/oz)	**20,109**	11,220
US$ realised basket price ($/PGM oz)[1]	**2,761**	2,035

[1] Based on sold ounces (own mined and purchased concentrate). Excludes the impact of the sale of refined metal purchased from third parties.

Markets

Annual average PGM prices were significantly higher than the prior year, with a multitude of price records in the first half of 2021 giving way to lower prices in the second half, reflecting supply and demand dynamics. In the first half of the year, demand was supported by a recovering global economy and optimism over the automotive production outlook; it moderated in the second half as the semiconductor shortage curtailed automotive production. Meanwhile, supply was disrupted by the temporary closure of two Russian mines early in the year, but increased later on due to robust South African refined production and a recovery in Russian refined production. The average realised basket price increased by 36% in dollar terms to $2,761 per PGM ounce (2020: $2,035 per PGM ounce), with all PGMs contributing.

2021 Results

	2021	2020
PGM production volume (koz)[1][2]	**4,299**	3,809
PGM sales volume (koz)[2][3]	**5,214**	2,869
Unit cost ($/PGM oz)[2][4]	**868**	713
Group revenue – $m[2][5]	**14,502**	6,604
Underlying EBITDA – $m[2]	**7,099**	2,555
Mining EBITDA margin[6]	**62%**	51%
Processing and trading margin	**24%**	19%
Underlying EBIT – $m[2]	**6,753**	2,270
Capex – $m[2]	**894**	571
Attributable ROCE	**140%**	48%

Fatalities	**0**	1
TRCFR	**2.60**	2.40
Energy consumption – million GJ	**20.8**	18.1
GHG emissions – Mt CO_2 equivalent	**4.52**	3.94
Total water withdrawals – million m^3	**42.6**	43.9
Employee numbers	**31,400**	31,500

[1] Production reflects own-mined production and purchase of metal in concentrate. PGM volumes is 5E metals and gold.
[2] Results by asset can be found in the Summary by operation on pages 259–260.
[3] Sales volumes exclude the sale of refined metal purchased from third parties and toll material. PGMs is 5E metals and gold.
[4] Total cash operating costs (includes on-mine, smelting and refining costs only) per own mined PGM ounce of production.
[5] Prior year comparative has been restated. See note 7 to the Consolidated financial statements for more details.
[6] The total PGMs mining EBITDA margin excludes the impact of the sale of refined metal purchased from third parties, purchase of concentrate and tolling.

Operational performance

Total PGM production increased by 13% to 4,298,700 ounces (2020: 3,808,900 ounces), primarily reflecting a strong recovery from the Covid-19 impacts in the prior period.

Own-mined production

PGM production from own-managed mines (Mogalakwena, Amandelbult, Unki and Mototolo) and equity share of joint operations increased by 12% to 2,858,300 ounces (2020: 2,549,000 ounces) following a robust recovery from the Covid-19 impacts in the prior year.

Mogalakwena PGM production increased by 3% to 1,214,600 ounces (2020: 1,181,600 ounces), largely driven by mining efficiencies resulting from P101 initiatives, leading to higher throughput at the concentrators, despite overall lower grade.

Amandelbult PGM production increased by 27% to 773,200 ounces (2020: 608,100 ounces), due to an improved underground mining performance, leading to increased stability and higher throughput at the concentrator, as well as a recovery from the impacts of Covid-19.

Production from other operations increased by 15% to 870,500 ounces (2020: 759,300 ounces), reflecting the strong recovery from the impacts of Covid-19. During the year, the concentrator debottlenecking projects at Unki and Mototolo were successfully completed.

Purchase of concentrate

Purchase of concentrate, excluding tolling, increased by 14% to 1,440,400 ounces (2020: 1,259,900 ounces), reflecting the strong recovery from the impact of Covid-19 at joint operations and third parties.

Refined production and sales volumes

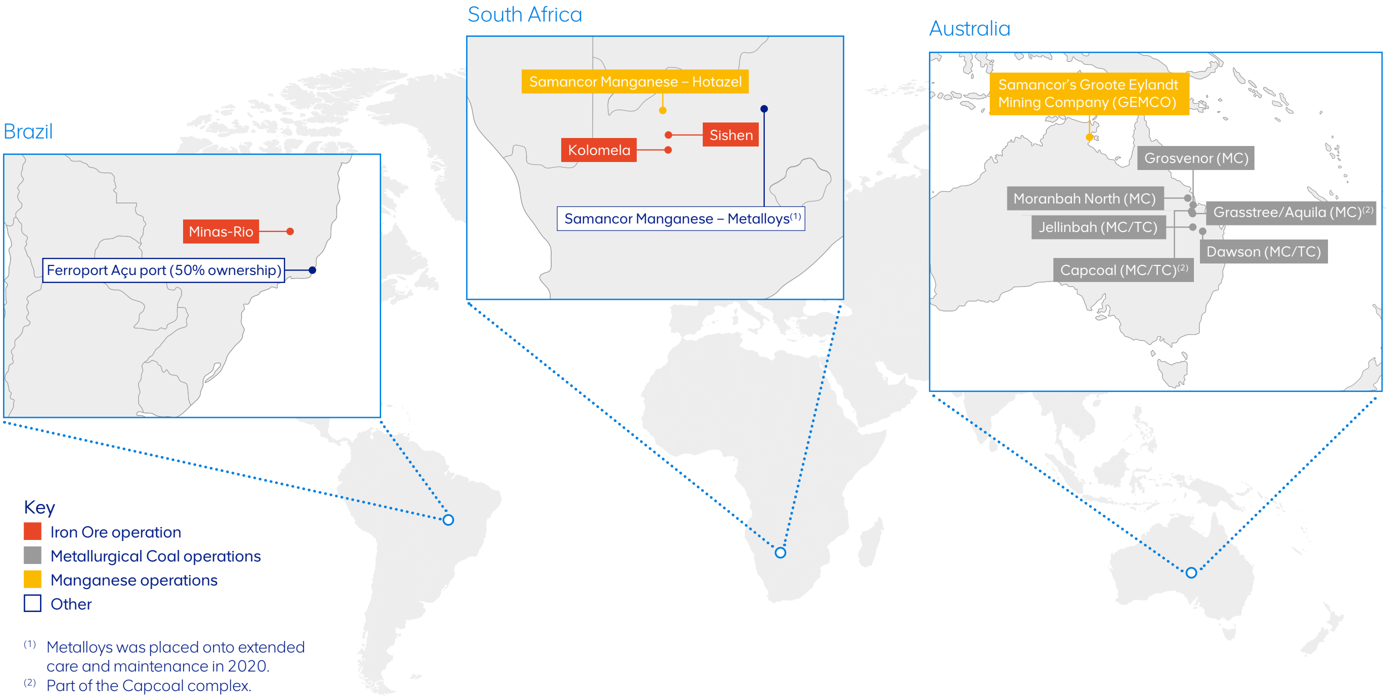
Refined PGM production (excluding toll-treated metal) increased to a record 5,138,400 ounces (2020: 2,713,000 ounces), reflecting the strong recovery in the ACP Phase A unit's performance following its successful rebuild in 2020, as well as strong performance across all processing assets.

The build-up in work-in-progress inventory following the temporary closure of the ACP has largely been processed and refined. The ACP Phase B unit rebuild was completed in January 2022 and recommissioning is expected to commence in the first quarter of 2022.

PGM sales volumes increased to 5,214,400 ounces (2020: 2,868,500 ounces), due to the higher refined production and the drawdown of refined inventory from minor metals to supplement sales. This was partially offset by the rebuild in 3E refined inventory to normalised levels.

Operational outlook

PGM metal in concentrate production guidance for 2022 is 4.1–4.5 million ounces, with own-mined output accounting for c.65%. Refined PGM production guidance for 2022 is 4.2–4.6 million ounces, subject to the impact of Eskom load-shedding. Both are subject to the extent of further Covid-19 related disruption. Unit cost guidance for 2022 is c.$900/PGM ounce, reflecting the impact of inflation and higher input costs, including labour and electricity.



(1) Metalloys was placed onto extended care and maintenance in 2020.
(2) Part of the Capcoal complex.

Bulk Commodities

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 own 70% of Kumba Iron Ore, while in Brazil we own the integrated Minas-Rio operation.

Our high quality metallurgical coal assets, located in Australia, produce premium quality hard coking coal to our customers in the steelmaking industry.

In Manganese, we have a 40% shareholding in the Samancor joint venture (managed by South32, which holds 60%). The manganese operations are located in South Africa and Australia, producing ore products for the steel industry.

Management team

Themba Mkhwanazi
CEO
Bulk Commodities

Wilfred Bruijn
CEO
Anglo American, Brazil

Mpumi Zikalala
CEO
Kumba Iron Ore

Tyler Mitchelson
CEO
Metallurgical Coal

2021 Summary – Kumba

0 Fatalities	0.8 TRCFR
$4,311 m Underlying EBITDA	62% Mining EBITDA margin
40.9 Mt Production volume	

2021 Summary – Minas-Rio

0 Fatalities	2.24 TRCFR
$2,560 m Underlying EBITDA	61% Mining EBITDA margin
22.9 Mt Production volume (wet basis)	

2021 Summary Metallurgical Coal

0 Fatalities	4.12 TRCFR
$962 m Underlying EBITDA	33% Mining EBITDA margin
14.9 Mt Production volume	

2021 Summary – Manganese

$315 m Underlying EBITDA	41% Mining EBITDA margin
3.7 Mt Production volume – ore	

Iron Ore

Our business

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 69% 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, the Middle East 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% Fe) 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.

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.

Iron Ore – consumption by region

China	59%
Europe (incl. CIS)	13%
Other Asia	10%
India	9%
Middle East	3%
North America	3%
South America	2%
Africa	1%
Other	0%
Total	**2,233 Mt**

Source: Wood Mackenzie Q4 LT market outlook

Mined iron ore by region

Australia	38%
Brazil	17%
China	11%
Europe (incl. CIS)	10%
India	10%
North America	6%
Africa	3%
Other	3%
Other South America	2%
Total	**2,376 Mt**

Source: Wood Mackenzie Q4 LT market outlook

▲ Steel is essential to construction and renewable energy infrastructure, supporting a growing population and a cleaner world.

A pathway to greener steelmaking

Of all the industrial processes that have a critical impact on our world, steelmaking, along with cement, is one of the most polluting activities, accounting for up to 9% of all direct fossil fuel emissions according to the World Steel Association – and one whose emissions are among the hardest to abate.

To support a pathway to limit global warming to 1.5°C, the steel industry must rapidly shift away from heavily energy-intensive traditional blast furnace and basic oxygen furnace (BF-BOF) processes to less carbon-intensive approaches based on feeding electric arc furnaces (EAFs) with either direct reduced iron (DRI-EAF) or recycled steel (scrap-EAF).

DRI is a technically proven production method estimated to be almost 30% less carbon-intensive than the BF-BOF steelmaking process. And it has the potential to be the lowest-carbon primary steelmaking method of all, if based on 'green' hydrogen, which is produced through electrolysis in which renewable electricity is used to split hydrogen from oxygen in water. However, there are still significant barriers to overcome before this process can become commercially viable, including the cost of the technology, the huge amounts of energy needed, and the challenge of rapidly scaling up DRI capacity and hydrogen infrastructure.

As a producer of high quality iron ore and metallurgical coal products that support efficient steelmaking today, Anglo American is also providing momentum to the shift to cleaner steel. In July 2021, we signed an agreement with German steelmaker Salzgitter Flachstahl to collaborate on the decarbonisation of the steelmaking industry. Together, we will research efficient feed materials suitable for use in DRI steelmaking, including iron ore pellets and lump iron ore.

Then, in September, our Marketing team signed a three-year agreement with Bahrain Steel, a longstanding customer, to explore ways of bringing our product to market more efficiently. Under this agreement, Bahrain Steel will convert up to 2 million tonnes annually of Minas-Rio's pellet feed into high grade iron ore pellets. This enhanced product, which Anglo American will supply to steelmakers worldwide, is a significant addition to our high quality product portfolio.

Kumba Iron Ore

2021 Results – Kumba Iron Ore[1]

	2021	2020
Production volume (Mt)[2]	**40.9**	37.6
Sales volume (Mt)[2]	**40.3**	40.4
Unit cost ($/t)[3]	**39**	31
Group revenue – $m	**6,958**	4,880
Underlying EBITDA – $m	**4,311**	2,702
Mining EBITDA margin	**62%**	55%
Underlying EBIT – $m	**3,960**	2,386
Capex – $m	**417**	354
Attributable ROCE	**140%**	84%
Fatalities	**0**	0
TRCFR	**0.80**	1.74
Energy consumption – million GJ	**8.7**	8.1
GHG emissions – Mt CO_2 equivalent	**0.99**	0.91
Total water withdrawals – million m[3]	**11.2**	10.6
Employee numbers	**6,100**	6,200

(1) Sales volumes and realised price differ to Kumba's stand-alone reported results due to sales to other Group companies.
(2) Production and sales volumes are reported as wet metric tonnes. The comparative has been restated as Kumba previously reported on a dry basis. Product is shipped with c.1.6% moisture from Kumba.
(3) Unit costs are reported on an FOB wet basis. The comparative has been restated as Kumba previously reported on a dry basis. Unit costs for total iron ore are a blended average.

Safety

Kumba has not had a loss of life incident since May 2016. In 2021, the TRCFR decreased by 54% to 0.8 (2020: 1.74), 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 2021, Kumba achieved 99% compliance with 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 several new technologies, including pit-wall monitoring; berm monitoring; piloting remote earth moving; behaviour monitoring to manage haul truck driver speed and capability; and Passport 360, enabling onboarding with single induction, real-time contractor management.

Environmental performance

In 2021, Kumba's GHG emissions increased by 9% to 0.99 Mt CO_2e (2020: 0.91 Mt CO_2e) and energy consumption increased by 7% to 8.7 million GJ (2020: 8.1 million GJ), reflecting the increase in production as operations recovered from Covid-19 related restrictions in 2020.

Financial and operational review

Underlying EBITDA increased by 60% to $4,311 million (2020: $2,702 million), driven by a higher average realised FOB iron ore export price of $161/tonne (2020: $113/tonne), partly offset by the stronger South African rand. Unit costs of $39/tonne (2020: $31/tonne) reflected the stronger rand, as well as input cost inflation.

Total sales volumes were in line with the prior year at 40.3 Mt (2020: 40.4 Mt) due to third-party logistics constraints. Production increased by 9%, reflecting the Covid-19 related lockdowns in the first half of 2020, as well as improved equipment availability and reliability.

Capital expenditure increased by 18% to $417 million (2020: $354 million), owing to the effect of the stronger South African rand and spend related to the Kapstevel South pit life extension project at Kolomela and the Ultra High Dense Media Separation (UHDMS) technology growth project at Sishen as these projects ramp up.

Markets

	2021	2020
Average market price (Platts 62% Fe CFR China –$/tonne)	**160**	109
Average realised price (Kumba export – $/tonne) (FOB wet basis)	**161**	113

Kumba's FOB realised price of $161/wet metric tonne was 18% higher than the equivalent Platts 62% Fe FOB Saldanha market price (adjusted for moisture) of $136/wet metric tonne. This reflects the premium for the higher iron content at 64.1% and relatively high proportion (approximately 69%) of lump that the product portfolio attracts (which helps steel mills reduce emissions). There was also a benefit of $3/tonne (2020: $7/tonne) related to marketing activities.

Operational performance

Despite third-party logistical constraints, production increased by 9% to 40.9 Mt relative to 2020, which was impacted by Covid-19 related disruptions (2020: 37.6 Mt). The increase was partly driven by improved plant availability and reliability in 2021. Production at Sishen increased by 9% to 28.0 Mt (2020: 25.8 Mt) and at Kolomela by 8% to 12.8 Mt (2020: 11.9 Mt).

Operational outlook

Production guidance for 2022 is 39–41 Mt, subject to the extent of further Covid-19 related disruption and third-party rail and port performance.

2022 unit cost guidance is c.$41/tonne, reflecting the impact of inflation and higher input costs.

Minas-Rio

2021 Results – Minas-Rio

	2021	2020
Production volume (Mt)[1]	**22.9**	24.1
Sales volume (Mt)	**23.0**	23.8
Unit cost ($/t)	**24**	21
Group revenue – $m[2]	**4,146**	3,025
Underlying EBITDA – $m	**2,560**	1,863
Mining EBITDA margin	**61%**	62%
Underlying EBIT – $m	**2,399**	1,705
Capex – $m	**211**	163
Attributable ROCE	**42%**	30%

Fatalities	**0**	0
TRCFR	**2.24**	1.87
Energy consumption – million GJ	**5.1**	5.2
GHG emissions – Mt CO_2 equivalent	**0.26**	0.20
Total water withdrawals – million m^3	**32.2**	35.3
Employee numbers	**2,600**	2,500

(1) Production is Mt (wet basis). Product is shipped with c.9% moisture.
(2) Prior year comparative has been restated. See note 7 to the Consolidated financial statements.

Safety

Minas-Rio has not had a fatal incident since 2015. In 2021, the TRCFR increased by 20% to 2.24 (2020: 1.87). Strict Covid-19 related mobilisation protocols and quarantine for suspected cases affected the scheduling of operations and shutdowns which, in turn, made managing safety controls more complex. Good progress is being made on the ongoing programme to increase awareness around safety culture, despite restrictions on face-to-face events; the integration of the Anglo American Operating Model and Operational Risk Management process also continued. Implementation of the Elimination of Fatalities programme remains a priority, particularly accelerating the completion of improvements to surface mobile equipment and vehicles. A further priority is to better integrate contractors into the Anglo American Safety Management System.

Environmental performance

Minas-Rio's energy use decreased to 5.1 million GJ (2020: 5.2 million GJ) while GHG emissions increased to 0.26 Mt CO_2e (2020: 0.20 Mt CO_2e). Solar and wind energy contracts were signed to supply electricity to our Brazilian operations, demonstrating our commitment to minimise GHG emissions. Those contracts together will supply 1,954 GWh per year of clean and renewable energy, equivalent to100% of Minas-Rio's current electricity consumption.

▲ The Minas-Rio mine site in Minas Gerais, Brazil.

Innovative ultrafines technology increases production at Minas-Rio

Our Minas-Rio site in Conceição do Mato Dentro, Minas Gerais, is more than a mine and beneficiation plant; it is also becoming a testing-ground for new and emerging minerals-processing technologies designed to enhance and sustain the production of high quality iron ore pellet feed (c.67% Fe content).

Traditionally, iron ore content has been removed from lower grade ore-bearing material through flotation, a physical-chemical process of separating particles of different granulations, which are induced or repelled when in contact with water. At Minas-Rio, we have introduced magnetic separation to the flotation process. This is a disruptive technology that uses magnetic separators to concentrate fine and ultrafine iron particles (ultrafines). The technology allows us to do away with expensive flotation columns that necessitate prior mud removal to work efficiently and is enabling higher metal recovery, along with lower levels of contaminants.

Minas-Rio's magnetic separation plant is due to start operations in October 2022, with metal recovery expected to increase by c.4%. This enhanced treatment of the ore, brought about by greater efficiencies in the concentration process, will boost overall iron ore output. Pellet feed production is now projected to increase by 1.5 million tonnes per year (Mtpa) – against c.700,000 tpa using conventional flotation methods. Moreover, this has been achieved without the need to raise the feed rate of the plant, while the volume of tailings directed to the dam has also been reduced by 1.5 Mtpa.

From a financial viewpoint, innovative magnetic separation ultrafines technology is proving to be a great success. We anticipate that this refinement to the flotation process will provide a more than $300 million uplift to profitability over the life of the mine. And we are now studying whether the technology could be applied at our Kumba iron ore assets in South Africa.

This technology also offers safety and environmental benefits, as less waste is sent to tailings, thereby minimising the need for 'wet' tailings storage facilities.

Financial and operational review

Underlying EBITDA increased by 37% to $2,560 million (2020: $1,863 million), reflecting a higher average realised price, partly offset by lower volumes resulting from unplanned maintenance at the beneficiation plant. Unit costs increased by 16% to $24/tonne (2020: $21/tonne), as higher input costs, principally consumables and electricity, increased maintenance costs and lower production volumes more than offset the benefit of the weaker Brazilian real.

Capital expenditure was 29% higher at $211 million (2020: $163 million), as planned higher expenditure, including P101 initiatives, was partly offset by the weaker Brazilian real.

Markets

	2021	2020
Average market price (MB 66% Fe Concentrate CFR – $/tonne)	**185**	120
Average realised price (Minas-Rio – $/tonne) (FOB wet basis)	**150**	107

Minas-Rio's pellet feed product is also higher grade (with iron content of 67% and lower impurities) than the reference product used for the Platts 62% Fe CFR China index. The Metal Bulletin (MB) 66 index, therefore, is used when referring to Minas-Rio product. The Minas-Rio realised price of $150/wet metric tonne was 6% higher than the equivalent MB 66 FOB Brazil index, (adjusted for moisture, of $142/wet metric tonne). This reflects the premium quality of the product, as well as a benefit of $5/tonne (2020: $13/tonne) related to marketing activities.

Operational performance

Production decreased by 5% to 22.9 Mt (2020: 24.1 Mt), due to lower plant availability as a result of unplanned maintenance at the beneficiation plant.

Operational outlook

Production guidance for 2022 is 24–26 Mt, subject to the extent of further Covid-19 related disruption.

2022 unit cost guidance is c.$25/tonne, reflecting the impact of inflation and higher input costs.

Metallurgical Coal

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 and Grosvenor (both 88% ownership) metallurgical coal mines, located in Queensland, Australia.

Uses of metallurgical 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.

Metallurgical coal consumption by region

China		68%
Other Asia		16%
Europe (incl. CIS)		10%
South America		2%
North America		2%
Other		2%
Africa		0%
Total	**1,196 Mt**	

Source: Wood Mackenzie, Global Metallurgical Coal December 2021

Metallurgical coal production by region

China		64%
Australia		15%
Europe (incl. CIS)		10%
North America		8%
Other Asia		2%
Other		1%
Africa		1%
Total	**1,193 Mt**	

Source: Wood Mackenzie, Global Metallurgical Coal December 2021

Safety

Metallurgical Coal was fatality-free during 2021. The TRCFR decreased by a further 13% to 4.12 (2020: 4.72), reflecting the focus across our operations on visible leadership and improvements in work planning through the Anglo American Operating Model. As part of the Learning From Incidents process, Metallurgical Coal aims to more fully understand the impact of human factors on safety, as well as start rolling out the high risk work activity process which aims to build critical control verification down to the coal mine worker and embed it as part of our documented process. Metallurgical Coal continued to implement its Elimination of Fatalities (EoF) projects during the year, with the focus on learning, safety culture, risk management, and process safety.

In 2021, we developed a series of functional strategies in areas such as standardisation of systems; learning; health and well-being; operational risk management and assurance; technology for safety; and capability building. These strategies have been mapped against our EoF projects and priority focus areas and are being managed against the Anglo American Operating Model framework.

Environmental performance

GHG emissions decreased by 14% to 6.37 Mt CO_2e (2020: 7.40 Mt CO_2e), primarily due to the winding down of operations and a subsequent decline in the pre-drainage of gas for mining activities at Grasstree, as well as the impact of the temporary cessation of mining at Grosvenor, following the gas ignition incident in May 2020.

Energy use increased by 9% to 9.3 million GJ (2020: 8.5 million GJ), primarily due to a change in mine plan that led to longer haul distances at the Dawson open cut mine and increased strip ratios at both Dawson and Capcoal's open cut mine. Metallurgical Coal continues to progress its tender process for the supply of green energy at all sites by the end of 2023, when the current electricity supply contract is due to end.

Financial and operational review

Underlying EBITDA increased to $962 million (2020: $50 million), driven by an 83% increase in the weighted average realised price for metallurgical coal, partially offset by 16% lower sales volumes, and 22% increase in unit costs to $105/tonne (2020: $86/tonne), reflecting the impact of lower production and the stronger Australian dollar. The volume and cost performances were principally affected by the impact of the underground incident at Grosvenor in May 2020, where longwall production received approval to restart in February 2022 and is now operational again, as well as the temporary suspension at Moranbah during the first half of 2021 in response to elevated gas levels.

Capital expenditure decreased by 5% to $649 million (2020: $683 million) due to reduced capitalised stripping at Grasstree, partly offset by the Aquila life extension project (replacing production from Grasstree), where longwall production commenced in February 2022.

Markets

	2021	2020
Average benchmark price – hard coking coal ($/tonne)[(1)]	**226**	124
Average benchmark price – PCI ($/tonne)[(1)]	**164**	78
Average realised price – hard coking coal ($/tonne)[(2)]	**211**	112
Average realised price – PCI ($/tonne)[(2)]	**138**	84

[(1)] Represents average spot prices.
[(2)] Realised price is the sales price achieved at managed operations.

Average realised prices differ from the average market prices owing to differences in material grade and timing of contracts. Hard coking coal price realisation increased to 93% of benchmark (2020: 90%), driven by the return of premium quality hard coking coal production from Moranbah in the second half of the year, in a higher price environment.

The average market price for Australian hard coking coal increased by 82% to $226/tonne (2020: $124/tonne). Coking coal prices in the first half of 2021 were impacted by the ban on Australian-originated coal into Chinese ports and the Covid-19 outbreak in India, but recovered strongly in the second half of the year, due to a reduction of supply from Australian and North American producers, while demand from Asian steelmakers outside China remained strong, with steel production supported by robust margins.

▲ Automation systems engineer Patrick Halpin in Moranbah's Remote Operations Centre.

Moranbah – a technological leader in remote longwall operations

At our Metallurgical Coal operations in Australia, we continue to record breakthrough performances in the development and implementation of autonomous longwall technology and remote operations.

Working in close collaboration with other operating teams and disciplines in the business unit, as well as with outside specialists, Metallurgical Coal's Underground Technology and Automation team is making industry-leading advances in technology. They have developed a series of industry-first safety and production systems, designed specifically for underground longwall operations, which work together to unlock the constraints traditionally posed by autonomous longwall operations and deliver a significant step-change in the safety and efficiency of underground mining. They are enabling up to 100% machine automation of longwall operations, with a team of operational and engineering experts monitoring the process, and analysing the data to drive safer operations, better decisions and achieve best-in-class performance.

There is inherent risk in underground coal mining, and we see autonomous, remote-control operation of our longwall operations in Australia as the key development in enabling people to be removed from potentially hazardous areas underground. We are making a material and measurable difference to safety both through designing specific systems with an array of safety applications that remove the requirement for manual operation, and by moving operators away from the longwall face to new, purpose-built Remote Operations Centres (ROCs) on the surface of the mine.

The first of a planned series of ROCs is in service at Moranbah. More than 90% of the mine's longwall shears are now controlled from the ROC, which is equipped with industry-first automation systems and a monitoring network of cameras to safely guide the cutting of coal with greater capacity and consistency.

Moranbah has become Australia's most capable remote-operated underground metallurgical coal operation and is consistently achieving best-in-industry productivity performance. It is providing the blueprint for all Metallurgical Coal's longwall operations, including Grosvenor, where operations have restarted with all new longwall equipment, and Aquila mine, which commenced longwall production in February 2022.

Operational performance

Production decreased by 11% to 14.9 Mt (2020: 16.8 Mt), principally due to the suspension of longwall operations at Grosvenor since May 2020 following the underground gas incident, and at Moranbah from 21 February 2021 until 3 June 2021, in response to elevated gas levels. Operations at Moranbah were further impacted by challenging geological conditions during the second half of the year. Open cut operations returned to pre-Covid-19 production levels, having been scaled back at Dawson and Capcoal since mid-2020 in response to reduced demand for the products. At Grosvenor, development activities have progressed well and the longwall restarted operations in the first quarter of 2022, following approval from Resources Safety and Health Queensland.

Operational outlook

Following confirmation of the restart at Grosvenor, while export metallurgical coal production guidance for 2022 is 20–22 Mt, due to the impact of Covid-19 in early 2022 and a later than expected restart of operations at Grosvenor, production is expected to be towards the lower end of the guidance range. As a result, unit cost guidance for 2022 is revised to c.$85/tonne (previously c.$80/tonne and compared to 2021 unit costs of $105/tonne). These figures are subject to the extent of any further Covid-19 related disruptions.

2021 Results – Metallurgical coal

	2021	2020
Production volume (Mt)[1]	**14.9**	16.8
Sales volume (Mt)[2]	**14.1**	16.9
Price ($/t)[3]	**200**	109
Unit cost ($/t)[4]	**105**	86
Group revenue – $m	**2,899**	1,909
Underlying EBITDA – $m	**962**	50
Mining EBITDA margin	**33%**	3%
Underlying EBIT – $m	**450**	(468)
Capex – $m	**649**	683
Attributable ROCE	**15%**	(15)%
Fatalities	**0**	0
TRCFR	**4.12**	4.72
Energy consumption – million GJ	**9.3**	8.5
GHG emissions – Mt CO_2 equivalent	**6.37**	7.40
Total water withdrawals – million m^3	**20.9**	21.0
Employee numbers	**1,900**	2,000

(1) Production volumes are saleable tonnes and exclude thermal coal production of 1.7 Mt (2020: 2.0Mt).
(2) Sales volumes exclude thermal coal sales of 2.1 Mt (2020: 2.3 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.

Manganese

Uses of manganese

The most significant use of manganese is 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.

2021 Results – Manganese[1]

	2021	2020
Production volume (Mt)	3.7	3.6
Sales volume (Mt)	3.7	3.6
Group revenue – $m	768	697
Underlying EBITDA – $m	315	304
Mining EBITDA margin	41%	44%
Underlying EBIT – $m	250	245
Attributable ROCE[2]	104%	78%

(1) Production, sales and financials include ore and alloy.
(2) Attributable ROCE for 2020 has been updated to include allocation of corporate costs.

Financial and operational review

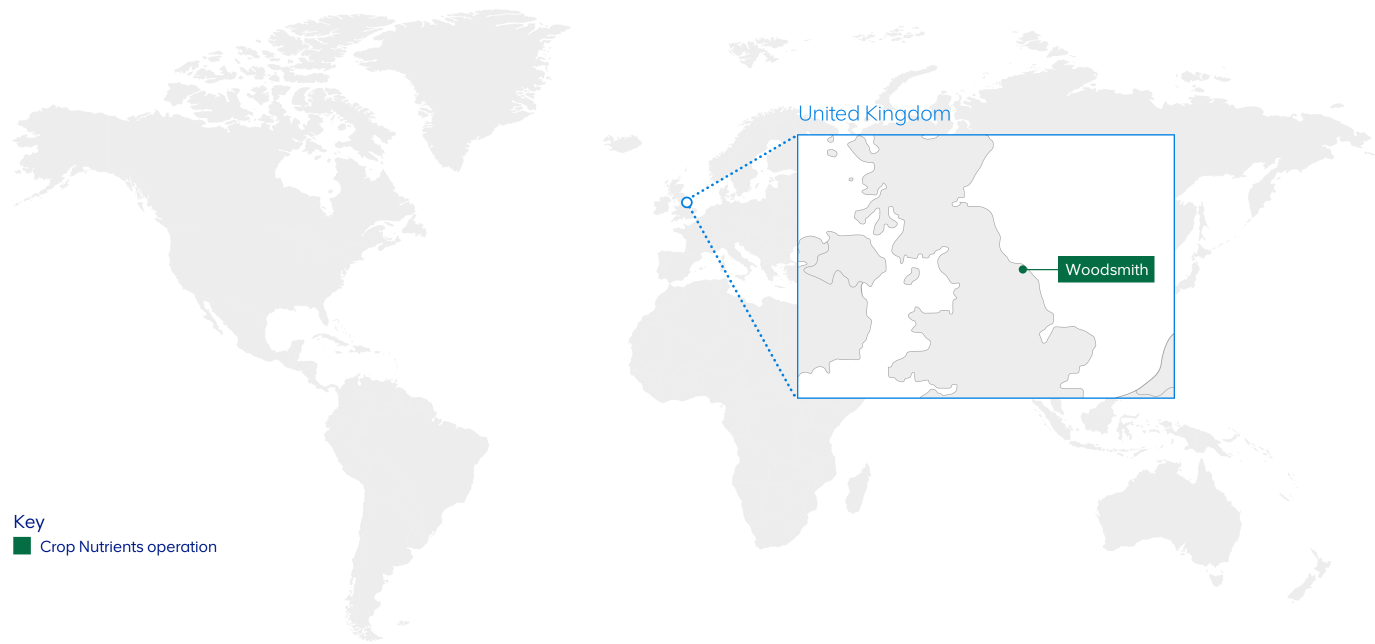
Underlying EBITDA increased by 4% to $315 million (2020: $304 million), benefiting from a 6% increase in manganese ore sales volumes, driven by higher South African production, partially offset by increased costs due to the stronger South African rand and Australian dollar.

Markets

The average benchmark price for manganese ore (Metal Bulletin 44% manganese ore CIF China) increased by 12% to $5.21/dmtu (2020: $4.67/dmtu), largely due to stronger demand and weather related supply disruptions that affected South African producers.

Operational performance

Attributable manganese ore production increased by 5% to 3.7 Mt (2020: 3.5 Mt), reflecting the impact of Covid-19 lockdowns in South Africa in 2020. There was no manganese alloy production as the South African smelter has been on care and maintenance since the Covid-19 lockdown in 2020. During the fourth quarter of 2021, an agreement was entered into to divest the Metalloys business (the smelter in South Africa) and that transaction is expected to complete during 2022.



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.

Crop Nutrients

The Woodsmith project is located approximately 3 km south of Whitby, where polyhalite ore will be extracted via two 1.6 km deep mine shafts and transported to Teesside on an underground conveyor belt in a 37 km tunnel, thereby minimising impact on the surface. It will then be granulated at a materials handling facility to produce a low carbon fertiliser product – known as POLY4 – that will be exported from our dedicated port facility to a network of customers around the world.

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.

Management

Tom McCulley
CEO
Crop Nutrients

2021 Summary

0
Fatalities

2.59
TRCFR

$(41) m
Underlying EBITDA

Woodsmith project

Development of the project continued to progress, with capital expenditure of \$530 million (2020: \$292 million). Excavation of the mineral transport tunnel had passed 18 km by the end of the year, beyond the intermediate access shaft site at Lockwood Beck. The Lockwood Beck shaft is complete, having reached its target depth of 383 m, and shaft lining is currently under way. At the mine head itself, shaft boring has started in the services shaft, while progress is also being made on the production shaft infrastructure.

Anglo American has conducted a detailed technical review of the project since mid-2020 to ensure the technical and commercial integrity of the full scope of its design. Now largely complete, the review has confirmed that a number of elements of the project's design would benefit from modification to bring it up to Anglo American's safety and operating integrity standards and to optimise the value of the asset for the long term.

The Woodsmith team is further developing the engineering to optimise the configuration of the project, recognising the multi-decade life of the mine. Particular attention is on those aspects identified at the outset of Anglo American's ownership – namely, the sinking of the two main shafts, the development of the underground mining area, and the changes required to accommodate both increased production capacity and the more efficient and scalable mining method of using only continuous miners; such improvements will also require the installation of additional ventilation earlier in the development of the underground mining area.

Ahead of the full project execution phase, the Woodsmith team, led by new CEO Tom McCulley, is working through the detailed design engineering throughout 2022 and is expected to make a number of changes to the phasing of work, particularly in relation to the two main shafts. The capital budget for 2022 is therefore expected to be reduced by approximately \$0.1 billion to \$0.6 billion to accommodate these changes.

Anglo American expects that the improvements it is making to the project will result in an enhanced configuration and therefore a different and longer construction schedule. Anglo American's capital budget for the development of Woodsmith will reflect such scope and timing changes to ensure that its exacting standards are met and the full commercial value of the asset is realised. Once the detailed design engineering is complete, and the capital budget and schedule are updated, the full project will be submitted to the Board.

Safety

The Woodsmith project recorded zero fatalities (2020: zero) and a TRCFR of 2.59 (2020: 0.81).

Environmental performance

Across the Woodsmith project, energy use was in line with the prior year at 0.2 million GJ (2020: 0.1 million GJ). GHG emissions were also in line with the prior year at 0.01 Mt CO_2e (2020: 0.01 Mt CO_2e). The percentage contribution of renewable energy to overall electricity use increased to 37% (2020: 21%), owing to securing 100% renewable mains supply for all but one of the project sites.

Market development – POLY4

The ongoing focus of the market development activities is to develop and implement detailed sales and marketing strategies for each region and to support customers with their own market development activities in order to further promote POLY4 to the end users of the product – farmers.

We are accelerating the number of commercial scale on-farm demonstrations, with around 800 now in progress or complete. The demonstrations continue to validate the efficacy of the product and the improvements it can deliver to farmers in terms of crop yield, quality or both. In addition, POLY4 has been shown in studies to enhance soil health through resilience to compaction, erosion and run-off, as well as improving nutrient availability to crops, helping to reduce nutrient waste into watercourses. POLY4 offers farmers a solution to agricultural efficiency and sustainability challenges, through its naturally low chloride multi-nutrient composition, its suitability for organic use and ultra low carbon profile, generating up to 85% fewer carbon emissions than the equivalent conventional nutrient products, with little to no waste generated in its production.

2021 Results – Crop Nutrients

	2021	2020[1]
Group revenue – \$m[2]	**114**	107
Underlying EBITDA – \$m[2]	**(41)**	1
Capex – \$m	**530**	292
Fatalities	**0**	0
TRCFR	**2.59**	0.81
Energy consumption – million GJ	**0.2**	0.1
GHG emissions – Mt CO_2 equivalent	**0.01**	0.01
Total water withdrawals – million m^3	**0.1**	0.2
Employee numbers	**600**	300

(1) Prior year comparative data for Crop Nutrients is presented from the date of acquisition; 17 March 2020.
(2) Includes results from the interest in The Cibra Group, a fertiliser distributor based in Brazil.

Corporate and other

	Production volume[1]	Sales volume[2]	Price[3]	Unit cost[4]	Group revenue◊[5] $m	Underlying EBITDA◊ $m	Underlying EBIT◊ $m	Capex◊ $m
Segment total	**n/a**	**n/a**	**n/a**	**n/a**	**1,126**	**(3)**	**(289)**	**125**
Prior year	—	—	—	—	1,550	(160)	(395)	205
Exploration	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**(128)**	**(132)**	**n/a**
Prior year	—	—	—	—	—	(101)	(102)	—
Corporate activities and unallocated costs	**n/a**	**n/a**	**n/a**	**n/a**	**354**	**(63)**	**(270)**	**44**
Prior year	—	—	—	—	191	(44)	(129)	21
Thermal Coal – South Africa[6]	**5.7**	**5.3**	**77**	**46**	**553**	**101**	**70**	**81**
Prior year	16.5	16.6	57	38	1,150	(15)	(81)	184
Thermal Coal – Colombia[7]	**3.6**	**3.4**	**65**	**34**	**219**	**87**	**43**	**n/a**
Prior year	4.1	4.5	46	39	209	—	(83)	—

(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 5.6 Mt (2020: 14.0 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 5.3 Mt (2020: 12.4 Mt) and third-party sales of 6.4 Mt (2020: 9.4 Mt).
(3) 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.
(4) Thermal Coal – South Africa FOB cost per saleable tonne from the trade operations, excluding royalties and study costs.
(5) Total segment and Thermal Coal – South Africa prior year comparatives have been restated. See note 7 to the Consolidated financial statements for more details.
(6) Thermal Coal – South Africa mining activity included until the demerger on 4 June 2021, with prior year comparison up to 31 December 2020. Production in 2021 was 65% below 2020, reflecting the partial year of ownership, partly offset by Covid-19 related restrictions in 2020.
(7) Represents the Group's attributable share from its 33.3% shareholding in Cerrejón. The sale of Anglo American's interest in Cerrejón was completed on 11 January 2022 following receipt of the relevant regulatory approvals. The agreement is effective 31 December 2020 and, therefore, economic benefits from 1 January 2021 have not accrued to Anglo American. Metrics reflect earnings and volumes from the first half of the year only, before the agreement was entered into. Production in 2021 was 13% below 2020, reflecting the partial year recognised, partly offset by Covid-19 related restrictions in 2020.

Financial overview

Exploration

Exploration's underlying EBITDA loss was $128 million (2020: $101 million loss), driven by increased exploration activities across most product groups reflecting Covid-19 related restrictions in 2020.

Corporate activities and unallocated costs

Underlying EBITDA was a $63 million loss (2020: $44 million loss), driven primarily by an increase in corporate costs across various technical and strategic projects, partially offset by an increase in profits on third-party shipping.

Thermal Coal – South Africa

Underlying EBITDA was $101 million (2020: $15 million loss), with underlying EBITDA no longer reported by Anglo American from 4 June 2021, the date of the demerger of the South Africa thermal coal operations. Anglo American's Marketing business continues to support Thungela in the sale and marketing of its products, and sales and purchases under the offtake agreement are reported on a net basis together with the Group's other third-party trading activities within corporate activities and unallocated costs.

Thermal Coal – Colombia

Underlying EBITDA increased to $87 million. The sale of our 33.3% shareholding in Cerrejón was completed on 11 January 2022, with the sale agreement having an economic effective date of 31 December 2020. After the sale was agreed in June 2021, no further underlying EBITDA was recorded, with an impairment charge being recognised to offset reported earnings in the first half of the year (see note 13 of the Consolidated financial statements for more detail).

Non-financial information disclosures 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	45
	Climate Change Policy	Disclosures related to the recommendations of the TCFD	43-44, 102-103
	Energy and GHG Emissions Standard	Climate change	43-44
	Water Policy and Water Management Standard	Water	45
	Mineral Residue Technical Management Standard	Mineral residue management	45
Employees	Code of Conduct	Building a purpose-led culture	57
	SHE Way and Policy	Safety	54
	HIV/AIDS Policy	Health	54-55
Human rights	Human Rights Policy	Human rights	47-48
Social matters	The Social Way 3.0	Social performance	47-48
	Responsible Sourcing Standard for Suppliers	Supply chain	49
	Supply Chain Local Procurement Policy	Supply chain	49
Anti-corruption and anti-bribery	Code of Conduct	Building a purpose-led culture	57
	Business Integrity Policy	Business integrity	57
Principal risks and impact of business activity		Our Business Model	08-09
		Our material matters	16-17
		Managing risk effectively	60-67
Non-financial KPIs		Key performance indicators	68-69

Footnotes

(1) With the exception of Gahcho Kué, which is on an attributable 51% basis.
(2) Throughout this Strategic Report, 'employees' is the average number of Group employees, excluding employees of contractors, associates and joint ventures, and including a proportionate share, based on the percentage shareholding, of employees within joint operations.
(3) Wages and benefits are the payments made to the Group's employees, excluding employees of contractors, associates and joint ventures, and including a proportionate share, based on the percentage shareholding, of payments made to employees within joint operations.
(4) Taxes and royalties include all taxes and royalties both borne and collected by the Group. This includes corporate income taxes, withholding taxes, mining taxes and royalties, employee taxes and social security contributions and other taxes, levies and duties directly incurred by the Group, as well as 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 cash remitted, net of entities consolidated for accounting purposes, plus a proportionate share, based on the percentage shareholding, of joint operations. Taxes borne and collected by associates and joint ventures are not included.
(5) Local procurement is defined as in-country procurement and includes local procurement expenditure from the Group's subsidiaries and a proportionate share of the Group's joint operations, based on shareholding.
(6) Copper equivalent volume growth vs. 2021 copper equivalent production.
(7) Data relates to subsidiaries and joint operations over which Anglo American has management control. Data excludes De Beers' joint operations in Namibia and Botswana.
(8) During 2021, the 2018–2019 water withdrawal data was restated using the site-specific water balances that were prepared during 2020. All water withdrawal data is now aligned with the ICMM definitions and is, therefore, now directly comparable with the data for 2020 and 2021.
(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. Sites are expected to have implemented the Social Way 3.0 by the end of 2022. While sites are assessed annually against all requirements applicable to their context, for consistency during the transition period the metric reflects performance against the Social Way foundational requirements.
(10) 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.
(11) Attributable free cash flow includes expenditure on non-current intangible assets (excluding goodwill).
(12) Copper equivalent production and unit cost is normalised to reflect the demerger of the South Africa thermal coal operations, the sale of our shareholding in Cerrejón and the closure of the manganese alloy operations.
(13) Production capacity excludes Grosvenor.

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 – including the Integrated Annual Report, the Sustainability Report, our Climate Change Report, published in October 2021, and our 2020 CDP Climate Change response. In line with the UK Listing Rules, we confirm that the disclosures included in the Integrated Annual Report 2021 are consistent with the TCFD Recommendations and Recommended Disclosures.

While we endeavour to include as much information as possible on our approach to climate change in the Integrated Annual Report, the Climate Change Report offers more comprehensive disclosure, including detail on the assumptions behind our scenario analysis and approach to achieving our GHG emission reduction ambitions.

Our 2020 CDP Climate Change response provides more detail pertaining to risk, opportunity and technical data. References in the table below, therefore, include the Integrated Annual Report, Climate Change Report and our 2020 CDP Climate Change response, all of which are available on our website.

→ **For more on our Climate Change Report 2021, see**
www.angloamerican.com/climate-change

→ **For more on our 2020 CDP Climate Change response, see**
www.angloamerican.com/cdp-response

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.	*Integrated Annual Report:* Page 14 describes the insights the Board takes into account when reviewing and endorsing the Group's long term strategy and related decisions. Climate change considerations are included within the material matters (pages 16-17), our analysis of global trends (pages 18-19), our capital allocation decisions (page 58-59) and within our principal risks – specifically risks 7, 12 and 13 (pages 60-67). Page 21 shows the key decisions made by the Board in relation to our climate change targets and ambitions. Pages 43-44 describe our policies and governance processes related to climate change. Page 125 describes the discussions and decisions taken by the both the Board and its Sustainability Committee in the year. *Climate Change Report*: Page 35 gives further details on the Group's climate change policy approach, including references to our industry association memberships. Page 37 describes the Board's climate change capability.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	*Integrated Annual Report:* Page 14 describes the insights the chief executive and senior management take into account when formulating the Group's long term strategy. Climate change considerations are included within the material matters (pages 16-17), our analysis of global trends (pages 18-19), our capital allocation decisions (pages 58-59) and within our principal risks (pages 60-67). Pages 43-44 describe our policies and governance processes related to climate change, including climate-related targets within executive remuneration. Pages 146–150 of the Remuneration Report detail progress against climate-related targets and the impact on executive remuneration in the year. *Climate Change Report*: Page 35 gives further details on the Group's climate change policy approach, including references to our industry association memberships, as well as an overview of governance and management systems related to climate change. Page 37 identifies management responsible for the oversight and delivery of the Group's climate change goals and ambitions and details the role of the Group's Climate Change Steering Committee.

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.	*Integrated Annual Report:* Page 18 describes the potential impacts of climate change on both Anglo American and the mining industry, as well as the opportunities the Group believes it can realise through its strategic choices. Pages 24-29 describe the Group's portfolio strategy and how that has been influenced by the threat of climate change. Pages 36-37 describe the technological innovations being delivered across the Group to reduce energy and water consumption and page 40 describes the efforts of our Marketing business to deliver products that help enable our customers to achieve their climate change ambitions. The principal risks related to climate change and water are described on pages 60-67. *Climate Change Report:* Pages 15-19 describe the transitional and physical impacts we believe climate change will have on our business. *2020 CDP Climate Response:* Further detailed analysis of our risks and opportunities is available in our 2020 CDP responses to questions C 2 risks and opportunities.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	*Integrated Annual Report:* Pages 24-29 describe the Group's portfolio evolution and how that has been influenced by the threat of climate change. Pages 36-37 describe the technological innovations being delivered across the Group to reduce energy and water consumption and page 40 describes the efforts of our Marketing business to deliver products that help enable our customers to achieve their climate change ambitions. Pages 58-59 describe how climate change considerations are embedded in our capital allocation decisions. *Climate Change Report:* Pages 20-21 give further details on the role we believe our products have to play in a low carbon future. Pages 22-30 describe our strategy to deliver our Scope 1, 2 and 3 GHG emission reduction ambitions. *2020 CDP Climate Response:* Further detailed analysis of our risks and opportunities is available in our 2020 CDP responses to questions C 2 risks and opportunities.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	*Integrated Annual Report:* Page 43 gives an overview of the range of scenarios we have used to assess Anglo American's strategic and financial resilience, as well as an assessment of our resilience. *Climate Change Report:* Pages 15-19 give a detailed overview of Anglo American's strategic and financial resilience to a 3°C, 2°C and 1.5°C scenario, including potential impacts on cash flow (upside and downside).

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.	*Integrated Annual Report:* Page 43 describes our approach to climate-related risk. Pages 60-67 describe the Group's risk identification process and has more detail on climate change and water, both considered principal risks. *Climate Change Report:* Pages 13-14 describe our understanding, assessment and management of climate-related risks. *CDP Climate Response 2020:* Question C2.2, processes for identifying and assessing climate-related risks.
b) Describe the organisation's processes for managing climate-related risks.	*Integrated Annual Report:* Page 43 describes our approach to climate-related risk. Pages 60-67 describe the Group's principal risks and have more detail on climate change and water, and how we manage and mitigate those risks. Our Portfolio (pages 22-29) and Innovation (pages 30-49) sections of this report provide detail on the strategic portfolio choices we have made and the technological innovations we are delivering across the Group to reduce energy and water consumption. *Climate Change Report:* Pages 13-14 describe our understanding, assessment and management of climate-related risks. Page 37 identifies management responsible for the oversight and delivery of the Group's climate change goals and ambitions and details the role of the Group's Climate Change Steering Committee. *CDP Climate Response 2020:* Questions C2.1, C2.2 and C2.3.
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	*Integrated Annual Report:* Pages 60-67 describe the Group's principal risks and have more detail on climate change and water, and how we manage and mitigate those risks. *Climate Change Report:* Pages 13-14 describe our understanding, assessment and management of climate-related risks. Page 35 gives an overview of governance and management systems related to climate change. P37 details the role of the Group's Climate Change Steering Committee. *CDP Climate Response 2020:* Questions C2.1, C2.2 and C2.3.

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.	*Integrated Annual Report:* Pages 22-29 describe the Group's portfolio strategy and how that has been influenced by the threat of climate change. Pages 43-45 show the metrics used by the Group when assessing climate-related risks and opportunities. *Climate Change Report:* Pages 20-21describe the strategic fit of the Group's portfolio of products in a low carbon world. Pages 22-30 describe the metrics used by the Group when assessing climate-related risks and opportunities. *CDP Climate Response 2020:* Questions C2.2a, C2.3a, C2.4a and C11.3a.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions and the related risks.	*Integrated Annual Report:* Page 45 shows our Scopes 1, 2 and 3 GHG emissions. Page 282 shows current and historical Scopes 1 and 2 emissions by business unit. *Climate Change Report:* Pages 22-25 show our Scopes 1 and 2 GHG emissions and detail the ways in which we believe we will meet our GHG reduction targets. Pages 26-30 show our Scope 3 GHG emissions and detail the ways we believe we can meet our reduction ambition.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	*Integrated Annual Report:* Pages 38 and 43 describe our climate-related goals and ambitions. *Climate Change Report:* Pages 22-25 show our Scopes 1 and 2 GHG emissions targets. Pages 26-30 show our Scope 3 GHG emissions reduction ambitions.

Streamlined energy and carbon reporting

	2021	2020	Commentary
Scope 1 emissions – Global	**9.0**	10.0	Measured in Mt CO_2e
Scope 2 emissions – Global	**5.7**	6.1	Measured in Mt CO_2e
Total Scopes 1 and 2 emissions – Global	**14.8**	16.1	Measured in Mt CO_2e
Group emission intensity	**6.48**	7.63	Measured in kt CO_2e per tonne CuEq production
Scope 3 emissions – Global*	**n/a**	114.8	Measured in Mt CO_2e
Total Scopes 1 and 2 emissions from UK-based entities	**0.01**	0.02	Measured in Mt CO_2e
Energy use from UK-based entities	**95,449,856**	78,374,406	Measured in kWh
Energy use – Global**	**85**	81	Measured in million GJ

* Scope 3 emissions for the year ended 31 December 2021 not available at time of publication. Anglo American published its first detailed Scope 3 emissions assessment in 2019. Subsequently, as the thinking on value chain emissions has matured, so we have continued to develop our knowledge and understanding of Scope 3 emissions. Building on our preliminary methodology, we have identified the areas in which we could be more specific in our assessment of emissions, reducing, where practical, double counting, and reflecting the contribution that our specific activities make to Scope 3 emissions. Throughout the process we have engaged our key stakeholders and worked with The Carbon Trust to test our thinking and alight on a methodology which we believe provides us with the most complete, transparent and granular assessment of our Scope 3 emissions. See pages 26–30 of our Climate Change Report 2021 for more details.

** Global energy use is presented in million GJ as this is the measurement the Group uses internally. The equivalent energy use figure in kWh is 23,557,666,458 (2020: 22,597,826,595 kWh).

Further information:
Disclosure of our energy and Scopes 1, 2 and 3 emission reduction targets can be found on page 43.

Disclosure of the principal energy efficiency initiatives deployed by the Group to meet those targets can be found on page 43.

Methodologies used to calculate energy use and emissions data can be found on pages 268–269.

Assurance of data:
As a member of the International Council on Mining and Metals (ICMM), Anglo American is committed to obtaining specific assurance over specified assertions related to the Sustainability Report, including data related to GHG emissions and energy use.

IBIS ESG Consulting Africa (Pty) Ltd (IBIS) was commissioned by Anglo American to conduct an independent third-party assurance engagement in relation to its Sustainability Report for the year ended 31 December 2021. This data has been reproduced in the Anglo American plc Integrated Annual Report, 2021.

See pages 71-72 of the Anglo American plc Sustainability Report for more details on the assurance process and conclusions.

→ **For more information, see our Sustainability Report 2021**
www.angloamerican.com/sustainability-report-2021

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.

Contents

Chairman's introduction

"It is the Board's duty to ensure our governance systems are robust and have the flexibility to match the evolving expectations of shareholders and society."

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 made a number of changes to the non-executive membership of the Board in 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. In 2021, we also announced our next chief executive, after leading a rigorous succession planning and selection process.

I was pleased to welcome three new non-executive directors to the Board – Elisabeth Brinton joined the Board on 1 March 2021, Hilary Maxson joined the Board on 1 June 2021, and Ian Tyler was appointed with effect from 1 January 2022. 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, bring additional and highly relevant insights to our Board discussions. Hilary contributes a combination of varied experience spanning finance, the capital markets, energy and technology gained across her executive career in the United States, Europe, Africa and Asia. Ian brings a wealth of boardroom experience spanning a number of industrial sectors, including as chair of audit and remuneration committees, and a distinguished executive career. We look forward to the insights that he will bring to the Board.

At our upcoming Annual General Meeting (AGM) in April 2022, Anne Stevens and our senior independent director Byron Grote will be stepping down from the Board, having both served for nine years. I would like to reiterate my thanks to Anne and Byron for their extensive contributions to the Board and the committees they chair and on which they serve. They have both carried out their service to the Board to the highest standard and with utmost dedication.

At the conclusion of our AGM, Ian Tyler will succeed Anne Stevens as chair of the Remuneration Committee, and Hilary Maxson, who joined the Audit Committee on her appointment to the Board, will succeed Byron Grote as chair of the Audit Committee. In February 2022, we announced that Ian Tyler will succeed Byron Grote as our senior independent director.

In November 2021, we announced that Duncan Wanblad will succeed Mark Cutifani as chief executive in 2022. After nine years in role, Mark will retire as chief executive and step down from the Board at our AGM in April 2022. Following a rigorous global process, the Board concluded that Duncan Wanblad is the stand-out successor to Mark, bringing his 30 years of international mining experience and deep understanding of Anglo American, its culture and its context. Duncan will join the Board as chief executive at the conclusion of the AGM on 19 April 2022.

Mark is a truly inspiring and authentic leader who has led the transformation of the Group's performance and prospects, serving Anglo American and all its stakeholders well. On behalf of the Board, management and employees, I would like to thank Mark for his enduring commitment and dedication over almost a decade at the helm.

At the date of this report, 39% of the 13 Board directors are female, two are directors of colour, and five different nationalities are represented, bringing experience from all of our major markets. We anticipate that future appointments will, as a whole, continue to support the Board's diversity aims.

Global Workforce Advisory Panel

The Board enthusiastically embraces the board-workforce engagement recommendations contained in the UK Corporate Governance Code.

Anglo American's Global Workforce Advisory Panel (the Panel) was established in 2019, currently comprises 11 employees drawn from across our business, and is chaired by our senior independent director, Byron Grote. The Panel enables the Board to better understand and take into account the views of the workforce, and how the Group's culture, Purpose and Values are embedded throughout the organisation. Since its inception, the Panel has met on five occasions, discussing a broad range of topics. In 2021, the Panel held two virtual meetings to discuss a number of topics, including Anglo American's approach to building psychological safety in the workplace, and the Group's ongoing response to the Covid-19 pandemic, focusing on health and wellness. The Board and I continue to be pleased with the quality and the richness of the feedback we received from the Panel and look forward to its continued insights.

From 19 April 2022, the Board has designated Marcelo Bastos to succeed Byron Grote as Panel chair. On behalf of the Board, management and employees, I would like to commend Byron for his tireless commitment in chairing and engaging with the Panel.

→ **For more information on the Panel and the ways in which we currently engage with our workforce:**
See pages 122-123

Board effectiveness

Every board and every individual can benefit and improve from the receipt of constructive feedback, and this Board and its directors are no exception. Annually, the Board undertakes a rigorous review of its effectiveness and performance, and that of its committees and individual directors. At least every three years, the review is facilitated 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. In 2021, an externally facilitated effectiveness review of the Board, its committees and each of the directors was undertaken. The process used and the results of the external review are described in detail on pages 120-121. I am pleased to report that the overall conclusion of the external review is that the Board and committees continue to be effective and 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.

The operation of the Board in 2021

The Board has continued to operate effectively throughout 2021, notwithstanding the ongoing challenges presented by the pandemic. The Board had been conducting its meetings virtually since March 2020, although I am pleased that we were able to resume partial physical attendance for some directors in the second half of 2021. 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.

During 2021, for the second year in a row, it was unfortunately not possible for the Board to visit our operations as a group. We anticipate that in-person Board site visits will resume in 2022 as global travel restrictions are eased, and I look forward to those opportunities for the Board to directly engage with management and employees at our operations, and to meet with local stakeholders.

Committee governance

Starting on page 124, each of the Board committee chairs presents a report on the activities of their committee during 2021. 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.

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 2021. 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 for executive directors. The Group's position in respect of this matter is detailed on page 144. 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 2-104. Relations with shareholders are described on page 123. For the ways in which the Board engages with its key stakeholders, see page 15 of our Strategic Report and our Section 172 statement on page 20, and the Stakeholder engagement section on pages 122-123 of this report. Our whistleblowing programme is described on page 134.

Section 2: Division of responsibilities
Pages 108-115 give details of the Board and executive management and the Board governance structure.

Section 3: Composition, succession and evaluation
The processes we followed in relation to, and details of the findings of, the external effectiveness review of the Board and committees are described on pages 120-121. The work of the Nomination Committee is illustrated on pages 126-127.

Section 4: Audit, risk and internal control
The report of the Audit Committee is found on pages 128-134, with further detail on the Group's principal risks to the business in the Strategic Report on pages 60-67.

Section 5: Remuneration
The Group's remuneration policy and the report of the Remuneration Committee are found on pages 135-161.

2022 Annual General Meeting

I am pleased that our 2022 AGM will be held as a hybrid meeting for the first time, which I hope will facilitate greater engagement with shareholders at a time when physical attendance remains challenging for some. Shareholders will be welcome to attend, vote, raise questions and be heard both physically in the room and via the virtual platform. The Board recognises the importance of the AGM as an opportunity for shareholders to engage with the Board and provide feedback. This year, we are putting our Climate Change Report to shareholders for an advisory vote for the first time because we appreciate the significance to our shareholders and broader stakeholders of our approach to climate change, and the importance of providing a forum that allows feedback and discussion on that. Whilst the vote is non-binding and the Board retains ultimate responsibility for our strategy, shareholder feedback is important to the development and implementation of our climate change response.

I hope you find this report useful and informative. I look forward to engaging with as many of you as possible at our 2022 AGM, in person or 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 (65)
Chairman

N S

Qualifications: BSc (Applied Physics), PhD Business Administration, FIChemE
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.

Until 31 March 2021, Stuart served as chairman of Travis Perkins plc, having joined the board as a non-executive director in 2017. He previously served as chairman of ARM Holdings plc and Rexam plc until 2016; and in his non-executive career on the boards of Tesco PLC, Manchester Airport Group plc, Smiths Group plc and Associated British Ports Holdings plc. 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
Member of the UK Takeover Panel, and a Visiting Fellow of Saïd Business School, Oxford University.

Nationality
British

Mark Cutifani (63)
Chief Executive

S

Qualifications: BE (Mining-Hons), FAusIMM, FREng, CEngFIMMM, DBA (Hon), DoL (Hon)
Appointed: 3 April 2013 as Chief Executive

Skills and experience
Mark has contributed to Anglo American over 40 years' experience of the mining industry across a wide range of geographies and commodities. He will step down from the Board at the Annual General Meeting (AGM) on 19 April 2022 and will be succeeded by Duncan Wanblad as chief executive.

Mark is chairman of the Group Management Committee (GMC), is 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 TotalEnergies SE 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 over 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 De Beers, and until July 2021 was a non-executive director of Anglo American Platinum. Before joining Anglo American in 2017, 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

Tony O'Neill (64)
Technical Director

S

Qualifications: MBA, BASc (Eng), FREng, FIMMM
Appointed: 22 July 2015 as Technical Director

Skills and experience
Tony contributes to Anglo American over 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 De Beers. Until July 2021, Tony was a non-executive director of Anglo American Platinum.

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

Committee member key

(A) Audit Committee	(S) Sustainability Committee
(N) Nomination Committee	● Chair of Committee
(R) Remuneration Committee	○ Member of Committee

Byron Grote (73)
Senior Independent Director

A N R

Qualifications: PhD Quantitative Analysis
Appointed: 19 April 2013 and as Senior Independent Director on 1 January 2019

Skills and experience
Byron has 35 years of experience across the natural resources sector. He contributes to Anglo American broad business, financial and board experience in numerous geographies. Byron will step down from the Board at the AGM on 19 April 2022.

Byron is designated by the Board to chair and engage with Anglo American's Global Workforce Advisory Panel, established in 2019. Byron 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
Deputy chairman of the supervisory board of AkzoNobel NV, senior independent director of Tesco PLC, and a non-executive director of Standard Chartered 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 (64)
Independent Non-executive Director

S N R

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, he 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.

Ian began his nearly 40-year mining career as an underground miner at the Mount Isa Mines base metals operations in Queensland, Australia.

Ian 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
Independent director of IAMGOLD Corporation.

Nationality
Australian

Marcelo Bastos (59)
Independent Non-executive Director

N S

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. He will succeed Byron Grote as chair of Anglo American's Global Workforce Advisory Panel on 19 April 2022.

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. He had a 19-year career at Vale until 2004 in a range of senior positions in Brazil. Marcelo is a former non-executive director of Golder Associates and Oz Minerals Ltd.

Current external appointments
Non-executive director of Aurizon Holdings Ltd and Iluka Resources Ltd.

Nationality
Brazilian/Australian

Elisabeth Brinton (54)
Independent Non-executive Director

S

Qualifications: BA Hons
Appointed: 1 March 2021

Skills and experience
Elisabeth contributes to Anglo American experience of developing clean energy strategies aligned with climate change reduction, and a clear commercial focus on the potential for digital technologies.

On 28 February 2022, Elisabeth joins Microsoft as a group corporate vice president and member of the CEO's extended senior executive leadership team, running their new global sustainability cloud business. Until January 2022, she was EVP of Global Renewables & Energy Solutions at Royal Dutch Shell plc, joining 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.

Current external appointments
None

Nationality
American

Hilary Maxson (43)
Independent Non-executive Director

Ⓐ

Qualifications: MBA, B.S. (Applied Economics & Management)
Appointed: 1 June 2021

Skills and experience
Hilary contributes 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 its 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.

Current external appointments
Non-executive director of AVEVA Group plc (Schneider Electric is the majority shareholder).

Nationality
American

Hixonia Nyasulu (67)
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 (61)
Independent Non-executive Director

ⒶⓈ

Qualifications: MBA, MSc, BSc
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 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 (stepping down in May 2022) and Macsteel Service Centres SA, and a non-executive director of Standard Bank of South Africa Limited.

Nationality
South African

Anne Stevens (73)
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. She will step down from the Board at the AGM on 19 April 2022.

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 Global Holdings plc and Harbour Energy plc.

Nationality
American

Joined the Board in January 2022:

Ian Tyler (61)
Independent Non-executive Director

ⒶⓇ

Qualifications: BCom, ACA
Appointed: 1 January 2022

Skills and experience
Ian contributes to Anglo American a wealth of boardroom and financial experience spanning a number of industrial sectors, including as chair of remuneration and audit committees. He will succeed Anne Stevens as chair of the Remuneration Committee, and Byron Grote as the senior independent director, on 19 April 2022.

Ian is the former chairman of Cairn Energy PLC, and a former non-executive director of VT Group plc and Cable & Wireless Communications Plc, amongst other non-executive board roles. Ian's senior executive career was at Balfour Beatty plc, a global infrastructure business, joining as finance director in 1996 and serving as chief executive from 2005 to 2013.

Current external appointments
Chairman of Vistry Group PLC (formerly Bovis Homes Group), and a non-executive director of BAE Systems plc (stepping down from both roles in May 2022). Chairman of Amey and Affinity Water, both privately-held businesses.

Nationality
British

Joining the Board as Chief Executive in April 2022:

Duncan Wanblad (55)
Group Director – Strategy and Business Development and Chief Executive designate

Qualifications: BSc (Eng) Mech, GDE (Eng Management)
Member of the GMC since October 2009 and will join the Board as Chief Executive on 19 April 2022

Skills and experience
Duncan will bring to the Board 30 years of international mining experience and a deep understanding of the Anglo American Group, its culture and context.

Duncan was appointed Group Director – Strategy and Business Development in 2016, also serving as CEO of our Base Metals business from 2013 to 2019. He is a non-executive director of Kumba Iron Ore and De Beers, and chairs the Anglo American Foundation.

Between 2009 and 2013, Duncan held the position of Group Director – Other Mining and Industrial, responsible for a global portfolio of mining and industrial businesses for disposal or turnaround to maximise shareholder value. He was appointed CEO of our Copper operations in 2008, prior to which he served as joint interim CEO of Anglo American Platinum in 2007 (having served on the board since 2004). From 2004 to 2007, Duncan was Executive Director of Projects and Engineering at Anglo American Platinum. Duncan began his career at Johannesburg Consolidated Investment Company Limited in 1990.

Nationality
South African

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.

Professional experience

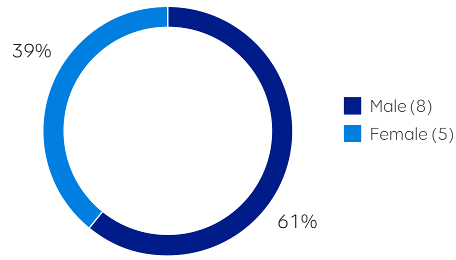
	Percentage of Board members (100%)
Mining	54%
Engineering	62%
Large project management	92%
Construction in extractive industries	54%
Finance	69%
Marketing (downstream) or commodity trading	69%
Safety, health, environment	85%
Digital technology	46%
Climate change or clean energies	31%
External quoted boardroom experience	77%
Previous chief executive	62%

Regional experience[1]

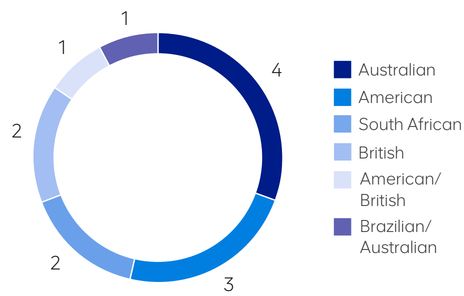
	Percentage of Board members (100%)
North America	92%
South America	62%
China	62%
Australia	46%
Southern Africa	46%
India	15%

(1) In the regions in which the Group operates or has major markets in.

Gender diversity



Board nationalities



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

Duncan Wanblad
Group Director – Strategy and Business Development and Chief Executive designate

Member since
October 2009

→ **For full biographical details of the executive directors and our chief executive designate:**
See pages 108-111

Didier Charreton (58)
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 (56)
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 (57)
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. She is a non-executive director of Anglo American Platinum. From April 2017 to August 2019, Nolitha was an independent 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. She has previously served on boards as a non-executive director in the mining, manufacturing and retail sectors.

Nolitha is a non-executive director of JSE Limited and is the President of the Minerals Council of South Africa.

Ruben Fernandes (56)
CEO of Base Metals

Qualifications: MBA, MSc (Metallurgical Engineering)
Member since: March 2019

Skills and experience
Ruben has served as CEO of Base Metals since March 2019 and in January 2022 took on accountability for the Group's Iron Ore and Nickel operations in Brazil. 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.

Anik Michaud (54)
Group Director – Corporate Relations and Sustainable Impact

Qualifications: LL.L (Law)
Member since: March 2015

Skills and experience
Anik is Group Director – Corporate Relations and Sustainable Impact, having joined the GMC in 2015. She is a non-executive director of Anglo American Platinum.

Anik's remit includes corporate communication (including brand and employee engagement), international and government relations, social performance and engagement, sustainability integration to drive positive impact from 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 (52)
CEO of Bulk Commodities

Qualifications: B Eng (Chemical) Hons
Member since: August 2019

Skills and experience
Themba was appointed CEO of Bulk Commodities in January 2022. Prior to that, he was CEO of Kumba Iron Ore from 2016 to 2021, and CEO for Anglo American's Thermal Coal business in South Africa, having joined the Group in 2014.

Themba has extensive experience in the resources industry, including 18 years in his native South Africa, as well as in the US and Australia. Before joining the Group, 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. 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 (58)
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 (51)
CEO of Anglo American Platinum

Qualifications: MBA, B Eng (Extractive Metallurgy)
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, she 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.

Peter Whitcutt (56)
CEO of Marketing

Qualifications: MBA, Bcom (Hons), CA (SA)
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.

Seamus French served as CEO of Bulk Commodities and Other Minerals and a member of the GMC during the year, before stepping down on 31 December 2021 after a 14-year career with Anglo American.

Board roles and responsibilities

The Board, through its role in setting the tone from the top, 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 124-161.

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; these documents can be found on the Group's website.

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 performance of the chairman and is available to shareholders on matters where the usual channels of communication are deemed inappropriate. Ian Tyler will succeed Byron Grote as the SID in April 2022.

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. Duncan Wanblad will succeed Mark Cutifani as chief executive in April 2022.

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, technology and innovation, business performance, safety, health and environment

Audit Committee
Oversight of financial reporting, audit, internal control and risk management.
→ For more information
See pages 128–134

Nomination Committee
Responsible for Board composition, appointment of directors and ensuring effective succession planning for the Board and senior management.
→ For more information
See pages 126–127

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 135–161

Sustainability Committee
Oversees management of sustainability issues, including safety, health, environment, and social performance.
→ For more information
See pages 124–125

Chief Executive

Corporate Committee
Reviews corporate and ethical policies and processes, and financial performance and budgets at business unit level.

Group Management Committee (GMC)
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.

Executive structure

The Board delegates executive responsibilities to the chief executive, who is advised and supported by the 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 112-113.

Board composition

At the date of this report, the Board comprises 13 directors: the chairman, chief executive, two further executive directors (our finance director and technical director) and nine independent non-executive directors. The roles of our directors are summarised opposite.

In 2021, Elisabeth Brinton and Hilary Maxson joined the Board as independent non-executive directors. Ian Tyler joined the Board as an independent non-executive director in January 2022 and, in November 2021, we announced that Duncan Wanblad will succeed Mark Cutifani as chief executive and will join the Board at our Annual General Meeting (AGM) in April 2022. In 2021, we also announced that Anne Stevens and Byron Grote will step down from the Board at the 2022 AGM, having both served for nine years.

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 108-111. 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).

Board diversity: 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 and supports the targets of the Hampton-Alexander and Parker reports on gender and ethnic diversity. In support of these aims, in leading search processes to appoint new directors, the Nomination Committee retains the services of executive search firms who are accredited under the UK Government's Voluntary Code of Conduct for Executive Search Firms.

At the date of this report, five (39%) of the directors are female and two (15%) are people of colour. Five different nationalities are represented, bringing experience from all of Anglo American's major markets. 85% of the Board have a nationality or place of origin outside the UK.

The Board therefore currently exceeds the gender and ethnic diversity targets recommended by the Hampton-Alexander and Parker reports. At the beginning of 2021, due to fluctuations in the size and composition of the Board as tenures expired, 30% of the Board were female and two were directors of colour. In March 2021, following the appointment of Elisabeth Brinton, female representation rose to 36%, further increasing to 42% by June 2021 with the appointment of Hilary Maxson. At 31 December 2021, there were five female and seven male directors serving on the Board; this increased to eight male directors with the appointment of Ian Tyler on 1 January 2022.

Following the AGM in April 2022, with the retirements of two longstanding non-executive directors, the Board will reduce in size to 11, and female members will represent 36%.

The diversity of our Board as at the date of this report is illustrated on page 111.

Independence of the non-executive directors

At the date of this report, over two-thirds of the Board are independent non-executive directors. The Board determines all 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 had served on the Board for nine years. As disclosed in our 2020 Integrated Annual Report, the assessment of her independence has been subjected to heightened scrutiny. Throughout the year, the Board remained satisfied that Ms Stevens has displayed independence of thought, mindset and judgement in her role as a non-executive director and has continued to demonstrate excellent stewardship as chair of the Remuneration Committee. In April 2022, Byron Grote will have served on the Board for nine years. Ms Stevens and Dr Grote will not be standing for re-election at the Company's AGM in April 2022 and will step down from the Board at that time.

To ensure the continued effectiveness of the Board, the chairman and the non-executive directors meet without the executive directors present after each scheduled Board meeting. The chairman also meets with each of the non-executive directors, at least annually. The senior independent director (SID) engages with the other non-executive directors without the chairman present, at least annually, to appraise the chairman's performance. In 2021, Dr Grote, as the SID, met with the non-executive directors on one such occasion.

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 the individual Board members' ability to discharge their responsibilities fully and effectively. As evidenced in the table on page 116, in 2021 all directors attended 100% of the Board and committee meetings that 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 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 and his team, 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 2021, 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 and development 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 and contributing to Board discussions.

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. In 2021, for the second year in a row, the Covid-19 pandemic severely constrained opportunities for Board members to visit operations.

Highlights

- Following their appointments as independent non-executive directors in March and June 2021 respectively, Elisabeth Brinton and Hilary Maxson undertook tailored and comprehensive onboarding programmes.
- Despite global travel restrictions as a result of Covid-19, inductions for Ms Brinton and Ms Maxson have been extensive and conducted using videoconferencing.
- In June 2021, all Board members joined a Sustainability Committee 'deep dive' on Anglo American's approach to social performance, led by Mark Cutifani, Anik Michaud and members of the Corporate Relations and Sustainable Impact team.
- In November 2021, as part of his induction programme ahead of his appointment as a non-executive director in January 2022, Ian Tyler attended the Board's two-day strategy meeting.
- In November 2021, Ian Ashby visited our Crop Nutrients' Woodsmith project in the UK, and spent two days with management discussing project development, as well as attending sessions to discuss the strategy to make the Woodsmith project a 'mine of the future'.

Board and committee meetings 2021 – 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. Due to ongoing travel restrictions as a result of the Covid-19 pandemic, all Board and committee meetings in 2021 were either held remotely, or a hybrid with a number of attendees joining in person at the Group's London corporate office, with other attendees joining by videoconference.

	Independent	Board	Board Strategy	Audit	Nomination[4]	Remuneration[5]	Sustainability
Stuart Chambers	n/a	6/6	1/1	–	6/6	–	4/4
Mark Cutifani	No	6/6	1/1	–	–	–	4/4
Stephen Pearce	No	6/6	1/1	–	–	–	–
Tony O'Neill	No	6/6	1/1	–	–	–	4/4
Ian Ashby	Yes	6/6	1/1	–	6/6	7/7	4/4
Marcelo Bastos	Yes	6/6	1/1	–	6/6	–	4/4
Elisabeth Brinton[1]	Yes	5/5	1/1	–	–	–	2/2
Byron Grote	Yes	6/6	1/1	4/4	6/6	7/7	–
Hilary Maxson[2]	Yes	4/4	1/1	2/2	–	–	–
Hixonia Nyasulu[3]	Yes	6/6	1/1	–	6/6	6/6	–
Nonkululeko Nyembezi	Yes	6/6	1/1	4/4	–	–	4/4
Anne Stevens	Yes	6/6	1/1	4/4	6/6	7/7	–

(1) Appointed to the Board 1 March 2021 and as a member of the Sustainability Committee on 1 September 2021.
(2) Appointed to the Board and as a member of the Audit Committee on 1 June 2021.
(3) Appointed as a member of the Remuneration Committee on 23 February 2021. Attended one meeting of the Committee prior to her appointment, at the invitation of the chair.
(4) The number of Nomination Committee meetings included three scheduled meetings, with additional special-purpose meetings to consider executive succession planning. All the independent non-executive directors (NEDs) were invited to attend Nomination Committee meetings in March, June, July and October, at the invitation of the chairman, where the topic of discussion was the chief executive succession process. An additional Nomination Committee update call was held in July, to which all NEDs were invited. Attendance by NEDs who are not Committee members is not reflected in the table above.
(5) The number of Remuneration Committee meetings included three scheduled meetings, with additional special-purpose meetings to consider executive remuneration.
(6) Ian Tyler attended the 2021 Board Strategy meeting, and the Remuneration Committee meeting in December prior to his appointment on 1 January 2022, at the invitation of the respective chairs.

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 agenda of matters discussed by the Board in 2021 is described and explained below.

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, usually held over two days, to the discussion of the Group's strategy, addressing critical short, medium and long term issues. This augments the discussion of strategic topics at every Board meeting. Annually, each of the Group's business unit heads presents to the Board in some depth on key aspects of their business. In 2021, the Board met on six occasions. In 2022, the Board has agreed to increase the number of scheduled meetings to seven.

In between meetings, the Board receives regular updates from the chief executive on operational and business performance.

Board and non-executive directors' visits to Group operations in 2021

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 2021, for the second year in a row, the Covid-19 pandemic severely constrained what the Board was able to do physically on the ground. It was not possible for the non-executive directors, Board or Sustainability Committee to visit our operations as a group. We anticipate that in-person Board site visits will resume in 2022 as global travel restrictions are eased, ensuring that the safety and well-being of our Board and employees are always prioritised.

In November 2021, our Sustainability Committee chair Ian Ashby was able to visit the Group's Woodsmith crop nutrients project in north east England, accompanied by our technical director, Tony O'Neill, and Tom McCulley, now CEO of Crop Nutrients. The directors visited the mine site, held discussions on the sinking methodologies being implemented and discussed the transition to mine operations. All required safety protocols were observed and adhered to, including any relevant additional Covid-19 controls.

Principal activities during the year

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 52-56	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 was updated on the ongoing strategies to minimise the impact of Covid-19 on the workforce, operations and host communities, including the Group's vaccination support programme across Anglo American operations.	Endorsed the Group's continued Covid-19 WeCare response programme.
Environment Environmental incidents, energy and climate change, water availability and rehabilitation → **Further reading** Pages 43-48	The Board reviewed material environmental incidents and steps taken by management to reduce energy and natural resource consumption. Climate-related activities, energy efficiency targets and decarbonisation strategies were considered during the year by the Board and the Sustainability Committee. The Board considered the development and implementation of Anglo American's suite of technologies, integral to its FutureSmart Mining™ programme, that are driving step-change innovations and transforming the nature of mining.	The Board approved: – The Group's first dedicated Climate Change Report and ambition to deliver carbon neutral operations by 2040 – The intention to hold a non-binding resolution on climate change at the 2022 AGM – Reporting methodology for the Group's Scope 3 emissions reduction ambition – A contract for additional low emission Capesize+ vessels to join our global shipping operations – A new Group policy on mineral residue facilities and water management structures.

Topic and link to pillars of value	Activities	Outcomes/decisions
Socio-political Social incidents and performance, government, media, investor and stakeholder relations → Further reading Pages 12-15	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. Feedback from meetings held between executive management and institutional investors is communicated to the Board. 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 briefed by management on feedback following the Group's two Sustainability Performance updates held in 2021, stakeholder feedback from the first Climate Change Report, and results from the external stakeholder reputation survey carried out in 2021.	Supported the donation of $100 million to create a special endowment to support the sustainability work of the Anglo American Foundation.
People Inclusion and diversity, talent and performance management, employee engagement → Further reading Pages 50-57	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. Succession plans for the Group Management Committee were reviewed by the Nomination Committee, on behalf of the Board. The Board received feedback on discussions and outcomes of two Global Workforce Advisory Panel meetings chaired by the senior independent director. The Board also considered the findings from a global colleague survey undertaken in 2021, aligned to our Purpose and Values.	Announced the appointment of Duncan Wanblad as chief executive, to succeed Mark Cutifani, from 19 April 2022. Approved senior leadership changes, announced in October 2021. 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 76-100	The Board received detailed updates on the operational performance, strategy, safety and sustainability performance, people, technological innovation, and key risks of its business units. Progress of the Group's Quellaveco, Venetia Underground and Woodsmith projects was discussed. The Board and Sustainability Committee considered the restart of operations at Metallurgical Coal's Grosvenor mine, based on industry-leading improvements to safely operate the mine.	Approved capital investment funding for key projects: upgrade of desalination plant and power projects at Copper's Collahuasi joint operation in Chile; and concentrator expansion at the Der Brochen project at our PGMs Mototolo mine. Approved the recommencement of operations at Grosvenor mine. Approved material supply contracts throughout the year.
Financial Key financial measures, liquidity and balance sheet strength, cost improvements, dividend → Further reading Pages 72-75	The Board monitored and discussed progress against the annual budget and five-year plan. Liquidity strategy and balance sheet strength were reviewed. The Board and Audit Committee considered the Group's dividend policy, and options for additional shareholder returns.	Recommended the 2020 final dividend (approved at the 2021 AGM). Approved the 2021 interim dividend, and $2 billion of additional shareholder returns in the form of a special dividend and share buyback programme. Approved the early redemption of up to $1 billion of bonds in 2021.

Topic and link to pillars of value	Activities	Outcomes/decisions
Economic outlook and commodity price Macro-economic environment and commodity price outlook → **Further reading** Pages 70-71	The Board received briefings from internal teams on trends in relevant areas and likely scenarios for global economic growth. The ongoing impact of Covid-19 on the supply and demand for commodities was discussed. The Board received regular updates on commodity markets, including energy pricing, from Marketing leadership.	
Strategy Portfolio outlook, progress on critical tasks and long term strategic pathways → **Further reading** Pages 10-57	The Board considered strategic issues at every meeting in 2021 and, in addition, held a two-day dedicated strategy meeting. The Board discussed progress towards delivery of the Group's strategic goals in the context of Portfolio, Innovation and People, including: the ongoing impact of Covid-19 on the Group's strategy; long term trends and disruptions; the Group's resilience to 1.5°C pathways; the circular economy; the hydrogen economy; technology and innovation capability; and exploration activities. The Board considered options for moving its portfolio away from thermal coal and towards future-enabling products, while supporting a 'Just Transition' that seeks to balance the needs and expectations of all stakeholders, including environmentally and socially sustainable jobs, consistent with addressing the overriding issue of climate change.	Endorsed the Group's critical strategic objectives. Recommended the demerger of the Group's South African thermal coal operations (approved by shareholders in 2021), through the creation of a new stand-alone company, Thungela Resources Limited. Approved the sale of the Group's minority shareholding in Cerrejón, Colombia.
Board governance Reports from committees, legislative and regulatory compliance, succession planning → **Further reading** Pages 120-161	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. The Board received updates on material litigation across the Group. The Audit Committee chair provided an update on material whistleblowing reports. Chief executive succession planning was considered throughout the year by the Nomination Committee and the Board, culminating in the announcement of Duncan Wanblad to succeed Mark Cutifani as chief executive. The Board discussed the findings of the externally facilitated review of the performance of the Board and its committees. The Board and Nomination Committee reviewed the Board's composition, diversity and succession plans for non-executive and executive directors.	Approved Board and committee appointments: – Ian Tyler as a non-executive director from 1 January 2022 – Duncan Wanblad as chief executive from 19 April 2022 – Successor chairs for the Audit and Remuneration committees from 19 April 2022 – Non-executive directors as members of the Board's committees – Successor designated non-executive director to chair Anglo American's Global Workforce Advisory Panel. Approved Anglo American's 2020 Modern Slavery Act statement. Agreed Board effectiveness priorities for 2022.

Board effectiveness

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 evaluation is externally facilitated. In 2021, an external effectiveness review was undertaken. The process for how the review was conducted and its findings are illustrated below and opposite.

The last externally facilitated Board effectiveness review was undertaken in 2018, the results of which were reported in the 2018 Integrated Annual Report. In 2019 and 2020, the Board conducted internal evaluations, the details of which were reported in the respective Integrated Annual Reports. To allow the Board and its committees to judge progress over the past three years, the reviews explored similar areas on each occasion.

2021 Board effectiveness review process

The 2021 Board effectiveness was externally facilitated by Independent Board Evaluation (IBE), a consultancy with no other connection to the Company, and conducted in accordance with the UK Corporate Governance Code.

1. Agenda setting

In June, the evaluation team conducted its orientation, reviewing key documents and finalising dates and a detailed agenda for the Board interviews. The evaluation team met with the chairman, chief executive and Group general counsel and company secretary to agree a comprehensive brief and agenda for the review.

2. Interview process

From July to September, detailed interviews were held with each director, according to the agreed agenda. The evaluation team interviewed eight members of senior management including the Group general counsel and company secretary, GMC members, and the committee secretaries, as well as the lead external audit and remuneration partners, to gain a broader perspective of the Board's work.

3. Observation and completion

In September, the evaluation team observed Board and committee meetings. Following completion of the exercise, the evaluation team collated the results, and the draft conclusions were discussed with the chairman and committee chairs.

4. Report back

IBE presented the findings of the effectiveness review at a meeting of the full Board in November. A report on the chairman's performance was presented to the senior independent director and the results discussed at a meeting of the non-executive directors without the chairman present. The chairman received a report with feedback on individual directors' performance. The chairman held one-to-one meetings with each of the directors following the review.

5. Actions and 2022 priority areas

At its December meeting, considering the findings of the 2021 review, the Board considered and agreed Board effectiveness priority areas for 2022. Action plans addressing the findings of the review will be monitored throughout 2022.

The external reviews which took place in 2018 and 2015 were also facilitated by IBE. The Board, through the Nomination Committee, felt that retaining IBE for a third review cycle would allow progress to be tracked on the priority areas of focus identified in the previous effectiveness review. In addition, the Board is of the view that, as the first IBE review was conducted under the Board's predecessor chairman and, given the substantial refreshment of the Board in the period from 2015 to 2021, IBE's independence is not impaired by the length of its relationship with the Board.

Key highlights from the review

The review confirmed that the Board is believed to be effective and well functioning, with some very experienced and knowledgeable independent non-executive directors bringing a variety of expertise to the Group, all under the strong and positive leadership of Stuart Chambers as chairman.

The most positive feedback from the Board was on the following aspects:

- The quality of the Board's strategy discussions
- Board composition, especially regarding value and impact of independent non-executive directors
- Governance and compliance
- Feedback from the Group's employee engagement mechanisms is getting ever more valuable and effective, particularly with regard to the Group's culture and bringing the views of the wider workforce into the boardroom.

There were some improvement recommendations identified in the areas of re-establishing contact with the business and with senior managers as Covid-19 travel restrictions ease, Board processes and non-executive director inductions.

Committee effectiveness in 2021

The committee reviews looked at ways in which they could improve their overall effectiveness, their performance, and areas that they needed to address in 2022. All committees were believed to be performing well and were appropriately constituted.

Audit Committee

The results confirmed that the committee chair is high performing and well regarded by the Board and senior management. Focus areas for 2022 will be a review of financial controls and ensuring an effective transition of the committee chair.

Nomination Committee

The results confirmed that the committee has been well led, organised and thorough in its oversight of the chief executive succession process. Focus areas for 2022 will be oversight of senior leadership succession and transition.

Remuneration Committee

The results confirmed that the chair is high performing and well regarded by the Board and GMC. Focus areas for 2022 will be ensuring an effective transition of the committee chair and reviewing the fair pay agenda and pay structures below the GMC.

Sustainability Committee

The results confirmed that the committee chair has delivered positive improvements to the structure and format of meetings. Focus areas for 2022 will include continuing to take a broader view of critical sustainability areas, and more external views of areas of best practice.

Actions taken in 2021 to address the areas identified by the Board as effectiveness priority areas following the internal 2020 evaluation are summarised below.

	Strategy	Long term trends	Technology and innovation	People	Director development
Areas identified for action	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.	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 consequences for the Group's strategy.	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.	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.	Build on the success of the in-depth briefing sessions scheduled in 2020 to the further ongoing development of Board directors.
Actions taken in 2021	Strategic matters were discussed at every Board meeting, in addition to the dedicated annual Board strategy meeting. The Board discussed progress towards delivery of the Group's strategic goals.	Climate change issues were considered by the Board and Sustainability Committee throughout the year. The Board approved the Group's first dedicated Climate Change Report.	The Board discussed the development and implementation of Anglo American's suite of technologies, integral to its FutureSmart Mining™ programme.	The Board and Nomination Committee focused their energies throughout the year on the chief executive succession process, and succession plans for senior leadership. We anticipate there will be greater opportunities for in-person engagement with future leaders when physical meetings resume in 2022.	All Board members participated in 'deep dive' briefing sessions on climate change and social performance during the year.

Building on the priority areas identified and the actions taken during 2021, and taking account of the findings of the 2021 review, the Board has identified the following effectiveness priorities for 2022:

Long term strategy	Technology deployment	People	Director development and induction
Continue to focus the Board's time on execution of the Group's long term strategy, and further shaping of strategic choices over the 10-30 year time horizon, particularly in light of the trends in climate change and the circular economy.	The Board should direct its focus by allocating capital to this key source of competitive advantage by innovation and deployment of new ways of mining, aligned with the Group's Purpose.	Maintain focus on exposure of the Board to future leaders in the Group's talent pipeline. Facilitate increased contact between the Board and the business, and between the independent non-executive directors and senior management. Use of video and/or virtual technology to bring operations into the boardroom and facilitate (subject to the easing of travel restrictions) additional location visits in 2022.	Strengthen the ongoing development of Board directors, aligned with the Group's strategic objectives, and enhance the new director onboarding programme to ensure a more individually tailored approach.

Stakeholder engagement

How the Board has engaged

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 decision making takes into account potential impacts on our stakeholders, as described in the Section 172 statement on page 20 of the Strategic Report. How the Board interacts directly with certain of its key stakeholders is illustrated below. For further information on reflecting stakeholder views in the Board's decision making, please see pages 14-21.

Creating shared value

- Investors
- Employees and unions
- Communities
- Suppliers and contractors
- Civil society (NGOs, faith groups and academia)
- Customers
- Governments and multilateral institutions
- Industry associations

Global Workforce Advisory Panel

Anglo American's Global Workforce Advisory Panel (the Panel) was established in 2019. Its purpose 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 valuable opportunities for the Board to understand how the Group's culture, Purpose and Values are embedded into the organisation.

The Panel operates alongside Anglo American's existing employee engagement mechanisms, such as regular employee engagement surveys and director interaction with employees.

Composition of the Panel

The Panel is made up of 11 employees, representing the countries 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 an induction 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. Panel members meet at least twice a year with Byron Grote.

Panel meetings and discussions in 2021

Despite the ongoing challenges presented by Covid-19, the Panel met on two occasions in 2021, in March and September. As in 2020, both meetings were held virtually over two sessions, to accommodate members in different global time zones. In addition to the scheduled meetings, a check-in session was held with Panel members and the employee engagement team.

Topics for discussion in 2021 included Anglo American's approach to building psychological safety in the workplace, and the role of our leaders in building a psychologically safe working environment, where every voice is valued and employees feel safe to speak up. At the second meeting of the year, the Panel was provided with an update on how its feedback helped to shape this workstream. Internal guest speakers were invited to join Panel meetings for the first time. The Panel heard directly from the internal guest speakers on the Group's WeCare programme, focusing on mental and physical health, and domestic and gender-based violence.

The Panel is scheduled to meet twice in 2022, and we anticipate one of these meetings taking place physically.

Board and Panel feedback

Following each Panel meeting, Byron Grote discusses the key themes with the Board chairman and chief executive. A session is scheduled at Board meetings, at least twice a year, for Dr Grote to discuss the key themes with the full Board. The key messages from each meeting are then shared and discussed with the Group Management Committee. Dr Grote shares feedback from the Board meeting discussions with the Panel at the following meeting.

Topics for discussion at Panel meetings are suggested equally by Panel members, the Panel chair, other members of the Board, and management.

Panel chair successor

Byron Grote has successfully chaired the Panel since its inception in 2019 and, as a result of his retirement from the Board in April 2022, the Nomination Committee and Board have considered the appointment of a designated non-executive director to succeed him in chairing the Panel. The Board has approved the appointment of Marcelo Bastos as Panel chair, from 19 April 2022. Mr Bastos joined the Board as a

"I am incredibly proud to be a member of the Panel and to have the opportunity to represent the voice of my colleagues, so they are heard in the boardroom. I am grateful to work for an organisation that truly cares about its people no matter where they are in the world."

Evelyn Du
Evelyn is a senior physical trader, Marketing, and has been a Panel member since 2020

"Board members feel that feedback from the Panel is increasingly valuable, particularly with regards to the Group's culture and bringing the views of the wider workforce into the boardroom. This was demonstrated by the findings of the recent Board effectiveness review. There continues to be good alignment between the Panel and the Board on which topics are important to the workforce and are selected for discussion."

Byron Grote
Byron is the Board's senior independent director and Panel chair

non-executive director in 2019, and the Board believes his experience gained during a long executive and non-executive career, and his personal characteristics, make him well suited to this role. Mr Bastos's more than 30 years' global mining experience across the Americas, Africa, Asia and Australia, along with his CEO, COO and C-suite director roles, has given him substantial experience of facilitating engagement and business understanding with a wide range of employees globally.

Global employee engagement survey

The Board was updated during the year on the findings and resulting actions from a global colleague survey undertaken in 2021, that was focused on the well-being of our colleagues.

→ **For more information on our People and workforce culture:**
See pages 50–57

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.

The Group's investor relations department manages the interactions with these audiences through roadshow meetings, presentations including at the time of the interim and final results and twice yearly sustainability performance updates, as well as regular attendance at industry conferences organised mainly by investment banks for their institutional investor base. Key topics covered include finance and operating performance, sustainability and governance matters. In particular over the course of 2021, there was an increased interest and focus on sustainability and decarbonisation themes.

As a result of the Covid-19 pandemic, all investor engagements continued to be conducted through virtual platforms throughout 2021, 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 and continued from 2020, 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 2021. Any significant concerns raised by shareholders 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.

Annual General Meeting and General Meeting

Due to the 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 2021, despite the Chairman's preference to welcome shareholders in person to the meeting. The Board values the AGM as an opportunity for all shareholders, but in particular its retail shareholders, to raise questions and comments to the Board. Shareholders were invited to submit their questions in advance of the AGM and also offered the opportunity to ask questions during the meeting.

A General Meeting was held immediately after the 2021 AGM to approve the demerger of the Group's South African thermal coal operations.

Voting levels at the 2021 AGM were approximately 70%, with generally less than 1% being votes withheld. All resolutions submitted to the meeting in 2021 were passed with at least 88% of votes in favour.

Investor engagement in 2021

January
Closed period
Q4 2020 Production Report

February
2020 Full year results
Investor roadshows: London (virtual) and North America (virtual)
Conferences: BMO Global Metals & Mining (virtual)
Chairman investor meeting

March
Investor roadshows: London (virtual), Edinburgh (virtual) and South Africa (virtual)
Conferences: Exane Basic Materials (virtual)
South African thermal coal roadshow (virtual)

April
Q1 2021 Production Report
Sustainability Performance update
Thungela demerger announcement presentation
UBS London Mining Tour (virtual)

May
Investor roadshows: London (virtual) and North America (virtual)
Conferences: Bank of America Metals & Mining (virtual)
Climate Action 100+ investor meeting
Thungela Capital Markets Day
Chairman investor meeting
T&S Investor presentation

June
Conferences: J.P. Morgan Cazenove European Materials Conference (virtual)
Exane BNP 23rd European CEO Conference (virtual)
BofA Smart Mine 2.0 (virtual)
Goldman Sachs sales desk briefing

July
Closed period
Q2 Production Report
2021 interim results
Investor roadshows: London (virtual)

August
Investor Roadshows: South Africa (virtual) and London (virtual)

September
Investor roadshows: Europe (virtual), London (virtual) and North America (virtual)

October
Q3 Production Report
Sustainability Performance update

November
Investor roadshow: London (virtual, Europe (virtual), North America (virtual) and South Africa (virtual)
Conferences: RBC ESG interview series

December
2021 investor update call
Morgan Stanley fireside session

Sustainability Committee report

"Sustainability is embedded in 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
Elisabeth Brinton (appointed 1 September 2021)
Stuart Chambers
Mark Cutifani
Nonkululeko Nyembezi
Tony O'Neill

→ **For further detail on biographies and Board experience:**
See pages 108-111

Business unit heads, Group directors of corporate relations and sustainable impact, and of people and organisation, the Group general counsel and company secretary, and the Group heads of safety and sustainable development also participate in meetings of the Committee. Other members of senior management are invited to attend when necessary.

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 2021

The Committee met four times in 2021, with full attendance (either virtually or in person), as described on page 116.

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 audit observations.

The Committee seeks to address the fundamental root causes of all fatal incidents occurring across Anglo American.

In 2021, one member of the workforce lost their life at the Group's managed operations. The preliminary observations from the incident were reported to the Committee, noting the factors surrounding the incident, mitigation steps being taken and the process for formal investigation. The findings of the independent investigation were presented to the Committee following its completion.

In addition to the Committee's standing agenda items, the following matters were discussed during 2021:

- Progress of the Group's Elimination of Fatalities programme, designed to achieve a zero fatality business
- The Group's strategy and roadmap for energy and decarbonisation
- Tailings and water storage facilities stewardship
- Social performance, community engagement and resettlement
- Anglo American's 2020 Sustainability Report
- Group Principal Risks relating to sustainability
- Mine closure liabilities
- The Elimination of Fatalities risk assurance and governance workstream
- Fire and explosion risk management framework
- The Group's carbon neutrality Scope 1 and 2 targets review, and the Group's Scope 3 reduction ambition
- Anglo American's first dedicated Climate Change Report
- Climate change litigation risk
- Stakeholder feedback from the Climate Change Report
- An update on the Group's global lives and livelihoods support programme (WeCare), and the status of the health and wellness and vaccination programmes
- Delivery of the Group's Sustainable Mining Plan and approval of revised 2022 commitments
- Safety, Health and Environment Policy review

- Consideration of the findings and recommendations of the Grosvenor Board of Inquiry
- Grosvenor mine restart readiness
- Governance of non-managed joint venture operations
- The definition of fresh water for external reporting and related 2030 goals
- Review of a new Group policy on processed mineral residue facilities and water management structures
- The Committee's effectiveness review.

In June 2021, the Committee held a 'deep dive' briefing session to learn more about the Group's approach to social performance. The session was led by our chief executive, and the Group director of corporate relations and sustainable impact, Anik Michaud, and members of the corporate relations and sustainable impact team. All Board members attended this briefing session, at the invitation of the Committee chair.

▲ At our Las Tórtolas site, which forms part of Los Bronces mine, we are making history by commissioning the first facility in Chile to generate 'green' hydrogen for carbon-zero vehicles. The plant will produce hydrogen from re-used water from the mining and treatment processes, and from photovoltaic (PV) energy sources, and represents an important step in our business's journey towards achieving carbon neutrality by 2040.

Governance – Climate change

Embedding climate change thinking

Climate change is the defining issue of our time, and Anglo American is determined to play its part in addressing it, across our value chain. The Board is leading the way through endeavouring to ensure that climate change thinking is embedded across the business, through robust governance, and that we apply a principled and consistent approach throughout our climate change governance and management systems.

In 2021, Anglo American published its first dedicated Climate Change Report, which provides our stakeholders with transparent disclosure of the Group's comprehensive approach to climate change. The report was reviewed by the Sustainability Committee and approved by the Board.

Our internal governance and management systems

The Board agreed to direct its climate change focus in 2021 to the workstreams that underpin the transition to a low carbon future. These include our goal of being carbon neutral across our operations, and our ambition to reduce our Scope 3 emissions by 50%, by 2040. It is also devoting more time to circular economy trends and the consequences for the Group's strategy.

The Sustainability Committee is responsible for considering climate-change-related topics at Anglo American. The Committee oversees, on behalf of the Board, material policies, processes and strategy designed to manage climate-related risks and opportunities. The full Board holds regular strategic discussions on material climate-related activities and energy efficiency targets.

The Board, Sustainability Committee, and the Group Management Committee are supported by a Climate Change Steering Committee, which is chaired by our Group head of strategy. This committee draws together all workstreams across the Group related to climate change and identifies synergies, areas for improvement or gaps.

Discussions related to climate change in 2021

Sustainability Committee

- **February** – energy and decarbonisation strategy and roadmap; carbon emissions: development of the Group's Scope 3 reduction strategy.
- **September** – review of the 2021 Climate Change Report*; Scope 3 reduction strategy; update on operational carbon neutrality goals.

Board

- **February** – carbon emissions: Scope 3 reduction strategy.
- **April** – approval of the intention to hold a non-binding resolution on climate change at the 2022 AGM.
- **May** – discussion of Scope 3 reporting methodology.
- **July** –update on carbon neutrality Scope 1 and Scope 2 emissions strategy; discussion of Scope 3.
- **September and October** – approval of the reporting methodology for the Group's Scope 3 emissions reduction ambition; approval of the 2021 Climate Change Report.
- **November** – climate change discussions at the Board's strategy meeting, including the Group's resilience to 1.5°C pathways, circular and hydrogen economies.

*All Board members participated in the September Sustainability Committee discussions, as part of the comprehensive review of the Climate Change Report.

In addition, as part of our ongoing process of Board renewal, Elisabeth Brinton, who has significant experience related to clean energy and climate change mitigation strategies, and Hilary Maxson, a senior executive at a company with a strong track record in climate action, were appointed as non-executive directors during the year.

Engaging on a global level

Anglo American is also an active member or contributor to a growing number of associations that are seeking to address climate change. In 2021, we were the only company from the extractives industry invited to join the recently launched Taskforce on Nature-related Financial Disclosures (TNFD), which aims to provide organisations with a complete picture of their environmental risks and opportunities. TNFD membership was followed at COP26, when we joined the H2Zero Initiative as one of 28 companies that have pledged to accelerate the use of decarbonised, 'green' hydrogen.

Climate change resolution

We are putting our Climate Change Report to shareholders for approval at the 2022 AGM for the first time because the Board appreciates the significance to our shareholders and broader stakeholders of our approach to climate change, and the importance of providing a forum that allows feedback and discussion on our approach. The climate resolution also confirms that the Company will report on its progress in achieving the plans set out in the Climate Change Report on an annual basis and issue an updated version of the report at least every three years. Whilst the vote is non-binding and the Board retains ultimate responsibility for our strategy, shareholder feedback is important to the development and implementation of our climate change response.

Nomination Committee report

"The Committee plays a vital role in ensuring the composition of the Board reflects an appropriate mix of skills, experience, diversity and perspectives to suit the evolving nature of the business and the expectations of society."

Committee members

Stuart Chambers – Chairman
Ian Ashby
Marcelo Bastos (appointed 23 February 2021)
Byron Grote
Hixonia Nyasulu
Anne Stevens
Ian Tyler (joining with effect from 19 April 2022)

→ **For further detail on biographies and Board experience:**
See pages 108-111

The chief executive, the Group director of people and organisation, and the Group general counsel and company secretary also participate in meetings of the Committee. Other non-executive directors may attend committee meetings at the invitation of the chairman.

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 in 2021

The Committee met six times in 2021, with full attendance (either virtually or in person), as described on page 116. Discussions at the meetings covered the responsibilities outlined above, with particular focus on executive and non-executive succession planning.

The following matters were considered during 2021:

- The composition, structure and size of the Board and its committees, and the leadership needs of the organisation
- Succession planning for the Group chief executive and recommending to the Board the appointment of Duncan Wanblad to succeed Mark Cutifani as chief executive in April 2022
- Endorsing the engagement of Independent Board Evaluation to facilitate the Board's 2021 external effectiveness review
- Non-executive director succession planning, approving the appointment of Spencer Stuart as external search consultant to facilitate recruitment, and formalising the search process for a non-executive appointment
- Recommending to the Board the appointment of Ian Tyler as a non-executive director and member of the Audit and Remuneration committees, and as chair of the Remuneration Committee from 19 April 2022
- Group Management Committee and senior leadership succession
- Board committee membership changes and making recommendations to the Board on the appointment of non-executive directors to serve on Board committees:
  - Hilary Maxson as chair of the Audit Committee from 19 April 2022
  - Marcelo Bastos as a member of the Nomination Committee
  - Hixonia Nyasulu as a member of the Remuneration Committee
  - Elisabeth Brinton as a member of the Sustainability Committee
  - Ian Tyler as a member of the Nomination Committee from 19 April 2022
- Recommending to the Board that Marcelo Bastos be appointed as the designated non-executive director to chair Anglo American's Global Workforce Advisory Panel from 19 April 2022.

The results of the externally facilitated Board and committee effectiveness reviews in 2021 are on pages 120-121.

Information on the Group's policy on inclusion and diversity, 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 56.

Chief executive appointment process in 2021

Succession planning for all directors, including the executive directors, is an ongoing cycle of work. The Nomination Committee has oversight of the senior leadership development and succession plans, ensuring they are aligned to the long term strategic ambitions and the diverse leadership needs of the Group.

After nine years in role, Mark Cutifani will retire as chief executive and step down from the Board at our AGM in April 2022. Mark joined Anglo American and the Board in 2013 and has led the transformation of the Group's performance and prospects, serving Anglo American and all its stakeholders well.

The Board, through its Nomination Committee, initiated a global process in 2020 to identify the best person for the role of chief executive. For the purposes of the chief executive selection process, the chairman asked that all the independent non-executive directors would participate in the Nomination Committee's discussions.

The search process included a number of internal candidates on our internal succession plan, and a diverse range of external candidates. External candidates were considered from a number of the regions in which the Group operates, or has major markets, and included gender and ethnically diverse candidates.

Following the rigorous global process, the Board concluded that Duncan Wanblad is the stand-out successor to Mark Cutifani, bringing his 30 years of international mining experience, and deep understanding of our Group, its culture and its context. Duncan has been integral to the reshaping of the Company in recent years and is uniquely qualified to take Anglo American forward. Duncan will join the Board as chief executive at the conclusion of our AGM on 19 April 2022.

▲ During a visit to the Woodsmith site in north east England to mark our annual Global Safety Day in October 2021, Mark Cutifani and Duncan Wanblad are accompanied by (left) Crop Nutrients' health and safety director Nigel Chapman.

Set out below are the milestone steps that culminated in our announcement on 3 November 2021 of our chief executive appointment:

2018
Preliminary assessment of potential internal candidates and their development plans.

2020
An updated role profile for the Group chief executive was considered and agreed by the Nomination Committee, including the leadership characteristics and capabilities required for the role. The Board discussed the development of candidates on our internal succession plan, and an externally facilitated benchmarking exercise of the external talent market was completed.

H1 2021
The Nomination Committee considered a targeted and diverse longlist of external candidates, alongside the internal succession candidates, and agreed that the chairman would engage with a shortlist of such candidates. In June 2021, shortlisted external candidates were invited to take part in a formal assessment process.

Q3 2021
The Nomination Committee agreed which of the shortlisted candidates would be invited to meet with a panel of non-executive directors. Finalist internal and external candidates then participated in formal panel interviews with the chairman and the independent non-executive directors. The Remuneration Committee considered remuneration arrangements for the incoming and outgoing chief executive.

Q4 2021
Following unanimous recommendation from the Nomination Committee, the Board resolved to approve the appointment of Duncan Wanblad as Anglo American's next chief executive. The remuneration arrangements for the appointment of Duncan Wanblad and the retirement of Mark Cutifani were duly negotiated and approved by the Remuneration Committee.

Process used in relation to non-executive Board appointments

As part of the Board's ongoing cycle of refreshment, during 2021, the Nomination Committee led a search process to recruit a new non-executive director, as part of an orderly succession process to ensure that the capabilities and attributes lost as a result of forthcoming retirements from the Board in 2022 were replaced, and to ensure the composition of the Board reflected an appropriate mix of skills, experience, diversity and perspectives.

Spencer Stuart was retained by the Committee to assist with the search process. Spencer Stuart has previously worked for the Group in recruiting for non-executive and senior leadership appointments and accordingly has a good understanding of the Board's requirements. They are accredited under the UK Government's Voluntary Code of Conduct for Executive Search Firms.

Prior to the search commencing, the Nomination Committee agreed the skills and experience it considered necessary for the role and provided this to Spencer Stuart. A longlist of diverse candidates was then identified by Spencer Stuart and discussed with the Committee members to agree a shortlist to be interviewed. Shortlisted candidates were interviewed by members of the Committee and other Board members, as relevant.

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

Hilary Maxson* (appointed 1 June 2021 and will succeed Byron Grote as chair with effect from 19 April 2022)

Nonkululeko Nyembezi

Anne Stevens

Ian Tyler* (appointed 1 January 2022)

* Audit Committee members 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 108-111

The chairman, the chief executive, the finance director, the Group financial controller, head of financial 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 61-67.
- 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 2021 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 2021 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 2021 Integrated Annual Report
- External advisers provide advice to management and the Audit Committee on best practice with regard to the creation of the 2021 Integrated Annual Report
- A meeting of the Audit Committee was held in February 2022 to review and approve the draft 2021 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 impairment charges and impairment reversals, accounting for the demerger of the Group's South African thermal coal operations, presentation of trading revenue, and environmental restoration and decommissioning obligations.

Committee discussions in 2021

The Committee met four times in 2021, with full attendance (either virtually or in person) as described on page 116. Throughout the course of 2021, and consistent with prior years, the Audit Committee paid particular attention to the valuation of assets, one-off transactions, tax matters, financial controls 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, marketing, mine closure liabilities, IT cyber risk, pensions funding and exposures, and sustainability reporting governance and assurance. The Committee reviewed the system of internal control and risk management.

An external 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
→ **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 prices and exchange rate assumptions, the review of changes in the valuation of cash generating units (CGUs) and associated sensitivity analysis, and the appropriateness of disclosures made within the 2021 Integrated Annual Report on key sources of estimation uncertainty. The Committee paid particular attention to the impact of climate change on the Group's impairment analysis. In addition to the linkage to commodity prices, the impact of carbon pricing through carbon cost assumptions was considered for the operations where a valuation was prepared together with the consistency of climate-related assumptions to the Group's wider climate strategy. The Committee reviewed and approved the associated climate-related impairment disclosure. During 2021, the most significant assets considered were the following: **De Beers** The annual impairment assessment for goodwill relating to De Beers shows that the valuation headroom has increased from \$1.2 billion to \$1.8 billion since 2020. 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 2021 should be recorded and carefully considered and approved the proposed disclosure. **Minas-Rio, Iron Ore Brazil** During 2021, based on improved market conditions in the short and medium term, the valuation of Minas-Rio was assessed and previous impairments have been partially reversed, resulting in an impairment reversal of \$1.4 billion (\$0.9 billion after tax). In December 2021, further consideration was given to the impact of changes in the production profile of the mine plan but there was no resultant change necessary to the carrying value of the CGU as the recoverable amount was materially consistent with the carrying value. The Committee considered market forecast and valuation scenarios presented by management and approved the conclusions of the assessments. **Metallurgical Coal** An impairment assessment was undertaken for the Moranbah/Grosvenor, Dawson and Capcoal CGUs (Metallurgical Coal) due to changes to forecast economic parameters, including commodity prices and foreign exchange rates. The Committee considered the outcome of the assessment, taking into account the medium and long term outlook for hard coking coal prices, exchange rates and the valuation scenarios presented by management. It was concluded impairments of \$0.4 billion, \$0.2 billion and \$0.2 billion (\$0.3 billion, \$0.1 billion and \$0.1 billion after tax), respectively, were appropriately recorded at 30 June 2021. The Committee was comfortable that there were no triggers for further impairment or reversal at 31 December 2021. **Cerrejón** On 28 June 2021, the Group announced it had entered into an agreement for the sale of its 33.3% shareholding in the Cerrejón associate to Glencore plc. An impairment of \$0.3 billion was recognised in the year to adjust the carrying value to the estimated future proceeds less forecast costs to sell. All conditions precedent, including approvals from authorities, were cleared on 23 December 2021, and the Cerrejón associate therefore met the criteria to be classified as held for sale from that date. The Committee considered judgements related to the transaction, including the recognition of the impairment charge, classification as an asset held for sale and reclassification of post-agreement income from associate to special items, and approved the related 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 El Soldado and was comfortable that a full impairment reversal of \$0.1 billion should be recognised. Additionally, after careful consideration of the valuation drivers of Barro Alto 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 international and domestic tax policy updates, the implementation and operational outcomes of the tax risk management framework, the impact of Covid-19 on the global tax environment, the status of tax audits, tax reporting, and the status of uncertain tax positions. While all these matters are inherently judgemental, no significant issues arose during 2021.
→ 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 2021 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.
→ Demerger of thermal coal operations in South Africa On 4 June 2021, the Group undertook a demerger of its South African thermal coal operations via an in specie return of capital to shareholders. The transaction involved judgement, particularly in respect of assessing the fair value of the distribution to be recognised.	The Committee reviewed the accounting entries recorded to effect the demerger including consideration of the appropriateness of the valuation of the capital returned to shareholders that was recognised at fair value. The Committee was satisfied the transaction was appropriately recorded and disclosed.
→ Trading revenue The Group changed its presentation policy in respect of the recognition of physically settled third-party trading contracts from a gross to net basis.	The Committee reviewed the Group's revised accounting policy for physically settled contracts relating to third-party material which is bought and sold as part of the Group's commodity trading activities. The Committee considered the judgements made around which activities constituted trading together with whether the revised presentation (on a net margin basis) would provide more relevant information to the users of the financial statements and concluded that the change was appropriate.
→ 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 revisions to the inventory valuation methodology for PGMs were reviewed and considered appropriate.
→ 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 was satisfied this had been appropriately addressed.
→ 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 general counsel and company secretary on the status of legal matters over the course of the year.	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-related health impacts. AASA intends to vigorously defend the claim. During the year the Committee considered developments to the case, including the Group's responses to the class certification application filed during the year. The litigation is still subject to significant uncertainty, and it was concluded that it is not currently possible to make a reasonable estimate of the outcome, quantum or timing of any potential future determination. 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 2021 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.
→ 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 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. In addition, the Committee reviewed the amendment to the Group's net debt alternative performance measure proposed by management. The Committee considered industry practice and the economic substance of the arrangements and concluded that it was appropriate to exclude vessel lease contracts that are priced with reference to a freight index.
→ 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 a period of least 12 months from the date of approval of the financial statements, 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, continued capital expenditure requirements, free cash flow generation and dividend payments. The Committee reviewed management's debt capital markets and banking plans for 2022, 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 2021, 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 2020 final dividend, the 2021 interim dividend and additional returns by way of special dividend and share buyback programme.
→ 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 60-61.	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.

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 61-67). 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 2021, 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. The Committee received reports on bullying and harassment investigations, anti-corruption initiatives and the inaugural Action for Integrity campaign. The Committee considered the activities undertaken to strengthen Code of Conduct and Group policy governance such as undertaking risk management effectiveness reviews of 20 Group policies and implementation of a Compliance Management System.
→ **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 2021 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 2021 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 2022 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 planning report from PwC in May 2021 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, including how the auditor had challenged the Group's assumptions on the issues noted in this report. In February 2022, the Committee reviewed the output of the external audit work that contributed to the auditor's opinion.

Ensuring the independence and effectiveness of the external auditor

Anglo American's Group policy on External Auditor Independence 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:

- Services performed by PwC are permitted non-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 25% of the 2021 audit fee of $15.1 million. A more detailed analysis is provided on page 244.

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 agreed an audit fee of $15.1 million (2020: $10.8 million) for statutory audit services in the year.
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, reappointment 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 Committee 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. The evaluation of the external audit concluded that the external auditor was independent, objective and effective in the delivery of the audit.

Anglo American confirms compliance during the year with the provisions of the Competition and Markets Authority Order on mandatory tendering and audit committee responsibilities.

The FRC Audit Quality Review team completed a review of PwC's audit of the Group and Company's financial statements for the year ended 31 December 2020. No key findings were identified, and certain areas of good practice were noted.

Conclusions of the Audit Committee for 2021

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 2023. Resolutions to authorise the Board to re-appoint and determine the remuneration of PwC will be proposed at the AGM on 19 April 2022.

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 2021 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 Board confirms that it has completed a robust assessment of the Company's emerging and principal risks.

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. A determination can then 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. Consideration is given to the views and interests of Anglo American stakeholders. 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 Committee reviewed reports on Anglo American's overall risk profile on two occasions during the year and conducted 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 committee 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 61-67.

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. This is 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 framework, 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.

The above is reflected in the Anglo American Risk and Assurance Governance (RAG) Model, introduced in 2020, and work has continued in 2021 together with the respective functions and operations to embed this further.

Internal audit operated in all the Group's managed businesses in 2021, 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 was 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 2021, 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 sustainable development 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 Group head of risk management and business assurance, in the absence of management on two occasions during 2021. Furthermore, the chair of the Committee held regular one-to-one meetings with the Group head of risk management and business assurance. 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 about potentially unethical, unlawful or unsafe conduct or practices that conflict with our Values and Code of Conduct.

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 2021, we received 797 reports through the YourVoice channel, a 30% increase from 2020.

812 allegations were closed during this reporting period, which include intakes from prior years. 30% of the 2021 allegations closed were substantiated or partially substantiated. All YourVoice reports are assessed and investigated as appropriate by a dedicated investigation team based across the Group using a standardised investigation framework. 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, a 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, such as the Action for Integrity month, 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 Committee's approach to pay is to ensure strong alignment between remuneration and the Purpose and strategic ambitions of the Company. Our balanced framework incentivises strong delivery over the short term and the achievement of our transformational long term strategy."

Committee members

Anne Stevens – Chair
Ian Ashby
Byron Grote
Hixonia Nyasulu (appointed 23 February 2021)
Ian Tyler* (appointed 1 January 2022 and will succeed Anne Stevens as chair with effect from 19 April 2022)

*Ian Tyler has the requisite length of service as a member of a remuneration committee on appointment as incoming chair, in accordance with the UK Corporate Governance Code and the Committee's terms of reference.

→ **For further detail on biographies and Board experience:**
See pages 108-111

The chairman, chief executive, Group director of people and organisation, the Group head of reward and external advisers also attend meetings at the invitation 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

Hixonia Nyasulu was appointed as a member of the Committee on 23 February 2021.

Ian Tyler was appointed as a member of the Committee on 1 January 2022.

Committee discussions and focus areas in 2021

- Confirmation of incentive results for the 2020 annual bonus and vesting levels of the 2018 LTIP
- Continued review of impact of Covid-19 on all stakeholders
- Setting of incentive targets for 2021, including the 2021 annual bonus and 2021 LTIP
- Approval of remuneration arrangements and service agreement for incoming Group chief executive
- Approval of remuneration arrangements for outgoing Group chief executive on cessation of employment
- Approval of remuneration arrangements for change in role or cessation of employment of GMC members
- Discussions on the approach to the impact of fatalities on variable remuneration outcomes for executive directors and GMC members
- Consideration of the impact of the demerger of our thermal coal operations in South Africa as Thungela Resources Limited on our incentives
- Updates on broader employee pay.

Key areas of focus for 2022

- Development of the next directors' remuneration policy, including consultation with shareholders on key aspects
- Assessment of incentive outcomes, including for the 2021 annual bonus and 2019 LTIP award
- Setting of incentive targets for 2022, including the 2022 annual bonus and 2022 LTIP award
- Design and implementation of global employee share plan with a view to ensuring all employees are enabled to become shareholders
- Review of corporate governance and remuneration trends and any implications for the Group.

Introductory letter

Dear Shareholders

Despite continued uncertainties created by the ongoing impacts of Covid-19, during 2021, Anglo American delivered strong operational and financial performance, remained focused on our commitment to keep employees and communities safe, and continued to focus our diversified portfolio on those metals and minerals that enable a lower carbon global economy and that meet the fast growing consumer-driven demands of developed and maturing economies.

The Committee's approach to pay is to ensure that the strong alignment between remuneration and the Purpose and strategic ambitions of the Company is maintained at all times. Our balanced framework incentivises strong delivery over the short term and the achievement of our transformational long term strategy.

Environmental and social commitments

Health and safety

We are committed to ensuring our employees are healthy, happy and fulfilled at work, leading to safer production and positive influences on our communities. In parallel, we remain uncompromising in our focus on achieving zero harm.

The prioritisation of the work of our Elimination of Fatalities Taskforce has delivered a demonstrable reduction in fatalities since its inception. In the period to August 2021, we had a continuous period of 11 months without a fatality across our Group managed operations, but the tragic fatality at our Quellaveco project in Peru is a reminder that, despite our progress, the work is not done. All management level employees across the global organisation, including executive directors, continue to have an element of their annual bonus linked to the achievement of deliverables in the Elimination of Fatalities workstream.

For the 2021 bonus, the Committee determined it is appropriate that executive director bonus outcomes be reduced by 3.5% to reflect the one fatality, recognising the collective responsibility of the executive directors when failures in safety result in a fatality within the organisation.

As highlighted in our 2020 report, during 2021 the Committee has reviewed in detail the impact of fatalities on variable remuneration. The Committee considered market practice as well as our internal context, particularly the significant improvements in our safety record, and determined that the current approach of discretionary reductions to annual bonus outcomes remains the most appropriate for Anglo American. The reduction will be determined taking into consideration all relevant facts and circumstances, including the number of fatalities, the cause of such fatalities, any repeat failures in safety and the number of high potential incidents. In order to recognise the progress we have made and the importance of a zero harm culture, future reductions to variable pay are likely to be more significant in terms of quantum than previously implemented.

WeCare and our continued response to Covid-19

Through our comprehensive WeCare programme we continue to help protect our people and communities from the impacts of Covid-19, in terms of both health and livelihoods as well as employee wellbeing more generally. The programme, which operates with the tag line 'We are all in this together', focuses on the physical and mental health of our people and the provision of many essential services in the communities local to our sites.

A portion of our 2019 LTIP award is measured on the success of our global well-being strategy. Within that strategy, the three priorities of disease response, physical health and mental health were adapted with the onset of the pandemic to support the physical and mental health resilience our people need to deal with the direct and indirect impacts of the pandemic. As we pay more attention to mental health, psychological safety continues to be an intrinsic aspect of our safety delivery.

Sustainability

Climate change poses the greatest current threat to our way of life and it is essential that we accelerate the transition to a decarbonised world. Anglo American is committed to addressing this challenge across our value chain. Our Sustainable Mining Plan (SMP) includes commitments to be a leader in environmental stewardship. By 2030, our aims include reducing GHG emissions (Scopes 1 and 2) by 30% against a 2016 baseline, improving energy efficiency by 30%, and achieving a 50% net reduction in freshwater abstraction in water-scarce areas. As set out in the Remuneration Report, our remuneration structures incentivise delivery on these key initiatives.

Our current in-flight LTIP awards include metrics that incentivise the delivery of the reduction of GHG emissions and increased energy efficiency. The 2022 award will incentivise the reduction of GHG emissions through increasing the use of renewable energy. For the 2022 award we have also introduced a measure based on the reduction in the abstraction of fresh water, aligned to our SMP water goal.

A 'Just Transition' is one where the communities and people in the regions where we operate are not left behind but thrive as we move to a greener, less carbon dependent future. It involves creating environmentally and socially sustainable jobs that are consistent with addressing the climate change agenda. To reflect this, we have retained the off-site jobs measure for the 2022 LTIP, linked to the SMP goal of supporting or creating five jobs off site for every job on site by 2030.

Chief executive succession

A key focus of the Committee's agenda during 2021 was the remuneration arrangements for our chief executive succession. Duncan Wanblad was announced as the incoming chief executive and will take up the role in April 2022, following the AGM. The terms of the remuneration package for Duncan were announced in November 2021. This package complies fully with the directors' remuneration policy that was approved by shareholders at the 2020 AGM. Duncan's base salary will be £1.25 million per annum and he will receive a pension contribution of 15% of base salary, giving a total fixed pay on appointment of £1.47 million per annum. Further information in respect of Duncan Wanblad's remuneration upon taking up the role of chief executive is provided in the implementation for 2022 section, on pages 143-144.

Mark Cutifani will be retiring as chief executive and stepping down from the Board on 19 April 2022 and will remain an Anglo American employee until 30 June 2022. Between stepping down as chief executive and leaving the Group, he will continue to provide services to the Group in support of a smooth transition into the role for Duncan Wanblad. His remuneration arrangements on retirement are in line with the current directors' remuneration policy, and treatment of his incentives will be in line with his service agreement and the rules of our incentive arrangements. He will receive a payment in lieu of unworked notice, good leaver treatment in respect of outstanding share awards and a pro-rated bonus in respect of time served to 30 June 2022. He will receive his salary, pension and benefits up to his date of cessation of employment. Further information in respect of his remuneration arrangements on leaving the Group is provided on page 144.

Decision making

The Committee has taken into consideration: company performance, which includes financial performance; progress in safety; personal achievements in innovation and our People agenda; and transforming our portfolio when making decisions on pay. We also continue to consider shareholder opinion and 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. To avoid conflicts of interest, no executive director is present when their pay is discussed; likewise, the chairman is recused from the meeting when his remuneration is discussed.

As in 2020, the Committee did not make adjustments to incentives as a result of the impact from the Covid-19 pandemic.

2021 outcomes

Safety, health and environment

Regrettably, after years of continued improvement in our total injury frequency rate, there was a slight uptick in 2021, due to the disruptions caused to our working practices as a result of Covid-19. We are reassured to know that the injury frequency rate decreased in the second half of the year after we reinforced the importance of our routines and practices. Overall, however we did not achieve the required year-on-year improvement and the element of the annual bonus linked to injury rates will not payout.

The work from the Elimination of Fatalities programme has already made a significant difference to the safety of our operational colleagues, as detailed above, and the achievements during 2021 resulted in an above target payout for this measure.

As noted above, the Committee determined it appropriate that executive director bonus outcomes for 2021 be reduced by 3.5%, recognising the collective responsibility of the executive directors when failures in safety result in a fatality.

Financial performance

The strong demand for our products and knock-on effect on prices from 2020 carried through to 2021, as economies continued to recover from the disruptions caused by Covid-19.

Following a fall in underlying EBITDA in 2020, operational improvements at PGMs, De Beers and Iron Ore, together with the improving market for diamonds meant we delivered a record financial performance in 2021, generating underlying EBITDA of $20.6 billion.

We achieved an attributable free cash flow result of $7.8 billion, due largely to a strong price environment in the first half of the year. Return on capital employed (ROCE) performance remained strong at 43%, well above our target return through the cycle of 15%. We also saw impressive relative share price performance, resulting in a TSR of 43% for the year, versus 20% for the FTSE 100.[1]

The Committee considers the operation of the policy in 2021 and the pay outcomes to be appropriate and reflective of performance.

Annual bonus outcomes

EPS performance measured using fixed prices and foreign exchange (FX) rates was 242 cps and resulted in 65% vesting of the 17% of the annual bonus determined by this metric. The 17% of the annual bonus based on underlying EPS at actual prices and FX rates resulted in a 100% vesting, with a result of 722 cps. The result for the 16% based on sustaining attributable free cash flow at fixed prices and FX rates was £2.9 billion, resulting in 67.5% vesting.

Despite the uptick in injury rate, the Group continued to make good progress towards our environmental and health goals, resulting in a 70% payment against SHE targets (this does not include the safety deductor which is applied on the whole award).

Bonus outcomes for the executive directors after the safety deductor were at 75.2% of maximum.

2019 LTIP outcomes

The shareholder experience over the three-year performance period was a positive one; the TSR outcome of 101.3% is significantly higher than the FTSE 100 median TSR of 19.7% and the Euromoney Global Mining Index TSR of 65.8%. This resulted in full vesting of the 70% based on the two TSR components.

The 10% of the award dependent on ROCE vested at 100%, based on attributable ROCE of 43% for the year. Group Cumulative Attributable Free Cash Flow was affected by below budget cost and volume performance across the 3-year performance period impacted by headwinds including Covid-19 and one off operational incidents. This resulted in 0% vesting for the 10% of the LTIP for this measure.

The ESG measures were fully achieved, resulting in a 100% vesting for the 10% of the LTIP based on these measures. This includes the full implementation of Water Management Standards (WMS) by the end of 2021 and the full roll-out of the priorities of our WeCare programme that constituted part of our response to Covid-19.

The LTIP award will therefore vest at 90% of maximum. The vesting cap applicable to the 2019 award will not come into force based on current share prices.

The Committee considers that the operation of the policy and the annual bonus and LTIP outcomes for 2021 are a fair reflection of the performance of the business and the role played by management in that performance, and the experience of shareholders and stakeholders. Therefore no adjustments to the incentive outcomes were made.

Fairness and wider workforce pay

As we set out in more detail in our Fairness section, the Company is committed to ensuring fairness and equity in our remuneration and benefits structures across our global operations.

We are excited to announce a global initiative that will strive to increase employee share ownership, create greater equity in wealth creation opportunities across the wider global workforce and enhance employee engagement. Our new global employee share plan will enable employees to share in the success of the Company and encourage employees to act as owners. It will allow for awards of Company shares to employees who do not currently enjoy supported access to share ownership and will also incentivise personal investment in the Company. This new plan will not include the grant of additional share awards to executive directors or GMC members. The terms and plan rules will be presented to a shareholder vote at the 2022 AGM, and it is intended that implementation will take place later in the year following approval.

During the year, the Global Workforce Advisory Panel chaired by our senior independent director Byron Grote continued to operate with the goal of facilitating how the Board communicates with and takes aboard the views of the wider workforce. Two virtual meetings took place during the year providing employees with the opportunity to raise and discuss their views on a range of topics, including executive remuneration and its alignment with wider Company pay policy. The Remuneration Committee is considering opportunities to improve how the Group engages with the workforce to explain how decisions on executive remuneration reflect wider workforce pay policy.

The Company is a proud advocate of the living wage, having been an accredited Living Wage employer in the UK since 2014 via the Living Wage Foundation. In 2021, the Company strengthened this position via our public commitments to ensure that every employee at Anglo American earns a fair wage; to explore ways of applying Living Wage principles to our contractors and supplier base in the future; and to advocate Living Wage principles to organisations or individuals beyond our control, but within reach of our influence.

(1) Based on 3 month average prices, in line with the TSR calculation methodology for LTIP awards.

The Committee is kept updated with information relating to wider workforce pay, which provides an overview of people management practices and also provides context for decision making on executive director remuneration.

CEO pay ratio

The CEO pay ratio compares the chief executive's remuneration to the pay for an employee at the median, lower quartile and upper quartile of our UK employee population (including De Beers and Crop Nutrients employees). The median CEO pay ratio for 2021 is 116:1, down from 126:1 for 2020. The decrease mainly reflects a higher bonus achievement for all of our bonus eligible employees in the UK pushing up total remuneration levels.

Looking ahead

New remuneration policy

In 2022, we will consult with shareholders on the development of the next remuneration policy, which will be put to a shareholder vote at the AGM in 2023.

Salaries

The Committee approved a 3% increase to current executive directors' salaries in 2022, in line with the 3% increase awarded to the Group's UK-based employees.

Implementation of incentives in 2022

There are no changes to the incentive levels in 2022, 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 in line with the terms of the 2020 policy. Details of performance conditions attached to the 2022 incentives can be found in the implementation report that begins on page 142.

Conclusion

This 2021 directors' remuneration report will be the last from me as chair of the Remuneration Committee. Having been a member of this Committee since 2016 and chair since 2019, I am proud of the work the Committee has done to strengthen the relationship between pay outcomes and the key strategic ambitions of the Company. The Committee is well placed to continue the work to ensuring the strong ongoing linkage between incentives and the transition to a decarbonised world; and to focus on equity in pay across the workforce.

Following the AGM in April, I will be succeeded as Remuneration Committee chair by Ian Tyler, who joined the Board and the Committee on 1 January 2022.

Finally, I would like to thank all the members of the Committee that have served with me for their support and counsel, the executive directors for their engagement and other stakeholders who have provided their input over the years.

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	2022 – 2026
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: 18.33% of salary for 2022. Will be reduced to 15% of salary from 1 January 2023 in line with the rate for the wider UK workforce	
Annual bonus		One-year performance; Two-year vesting; Three-year vesting
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		Three-year performance; Two-year holding
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	– Chief executive: 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	

Incentive performance metrics – financial measures

Underlying EPS◊

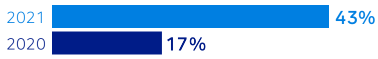
$7.22/share

Three-year shareholder return

101.3%

Group attributable ROCE◊

43%



2022 Implementation table

Key remuneration element	Implementation	Performance metrics
Salary	Mark Cutifani £1,440,722 (3% increase) Stephen Pearce £868,287 (3% increase) Tony O'Neill £900,452 (3% increase) Duncan Wanblad £1,250,000 (on assuming role of chief executive)	
Car allowance	Mark Cutifani £33,622 Stephen Pearce £32,423 Tony O'Neill £32,423 Duncan Wanblad £33,296 (on assuming role of chief executive)	
Pension	18.33% of base salary (decrease from 21.67% in 2021) 15% of base salary for Duncan Wanblad (on assuming role of chief executive)	
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

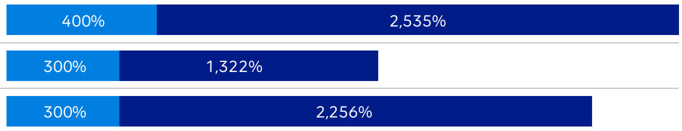
Key performance metrics for 2022

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%	
Water efficiency	Environment	– Achieve enhanced water efficiency	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%
Renewable energy	Environment	– Commitment to address climate change by reducing greenhouse gas emissions through the use of renewable energy		6%
Water reduction	Environment	– Reduction of freshwater abstraction in water-stressed areas to reduce our environmental burden in the areas where we operate		8%
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 2021
Mark Cutifani	400%	2,535%
Stephen Pearce	300%	1,322%
Tony O'Neill	300%	2,256%



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 2021, all executive director shareholdings exceeded the required levels.

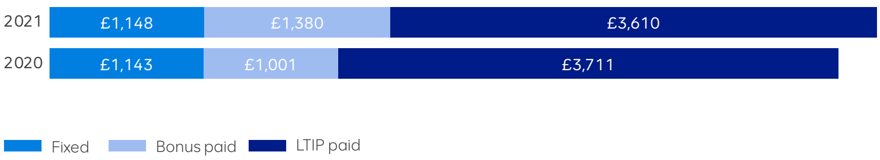
→ **For more information**
See page 154

2021 Pay outcomes £'000

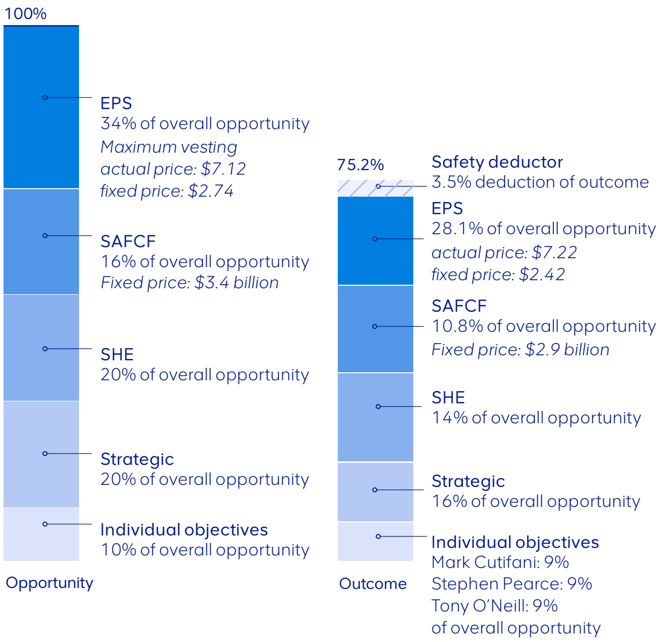
Mark Cutifani

Stephen Pearce

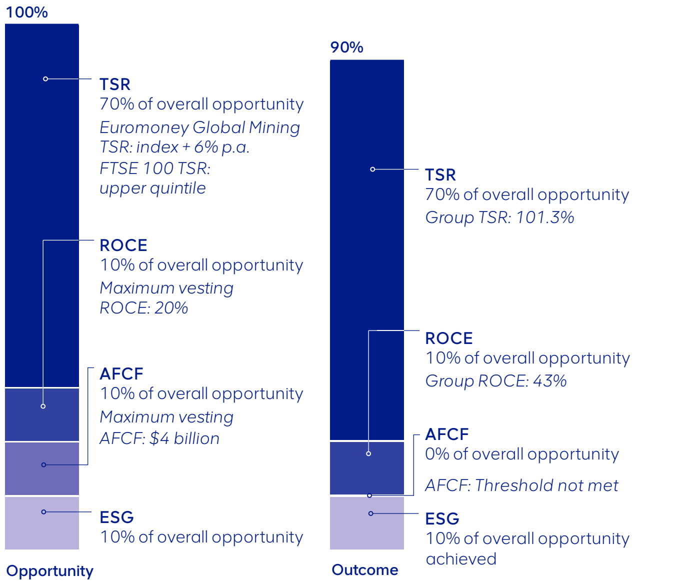
Tony O'Neill



2021 annual bonus outcome



2019 LTIP vesting outcome



Directors' remuneration policy

2020 executive directors' remuneration policy

The 2020 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 of 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 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 safety and sustainability to the Group strategy.

Summary of policy and statement of implementation of policy in 2022

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 2022. For 2022, there are no significant changes in the structure of the remuneration packages for directors compared to previous years.

Annual bonus safety deductor

As promised in our 2020 report, during 2021, the Committee reviewed in detail the impact of fatalities on variable remuneration. The Committee considered market practice, as well as our internal context, particularly the significant improvements in our safety record, and determined that the current approach of discretionary reductions to annual bonus outcomes remains the most appropriate approach for Anglo American. The reduction will be determined taking into consideration all relevant facts and circumstances, including the number of fatalities, the cause of such fatalities, any repeat failures in safety and the number of high potential incidents. In order to recognise the progress we have made and the importance of a zero harm culture, future reductions to variable pay will be more significant in terms of quantum than previously implemented.

Performance measures

The annual bonus targets for 2022 are considered by the Board to be commercially sensitive; they will be disclosed in the 2022 annual report on remuneration. Specific details of individual and strategic performance targets for 2022 will also be included in the 2022 report.

In line with the policy, 50% of the annual bonus will be linked to financial performance. For 2022, EPS will account for 34% of the annual bonus. Half of this will be based on performance at actual prices and FX rates, and half on performance at fixed prices and FX. Sustaining attributable free cash flow (SAFCF), measured at fixed prices and FX and accounting for 16% of the bonus, was introduced to the annual bonus in 2021 and will be retained for 2022.

In 2022, the structure of the LTIP will continue to include a 50% weighting on relative TSR. Financial measures based on ROCE and SAFCF are also unchanged and continue to account for 15% each, with the remainder of the measures focused on strategic ESG objectives. SAFCF for the LTIP will be measured at out-turn prices and FX as for the 2021 award.

Reducing greenhouse gas (GHG) emissions has been a measure in the LTIP for the past two grants, in line with the Group's SMP target of a 30% reduction in GHG emissions by 2030. For the 2022 Award, a related measure focusing on the production of renewable energy will be introduced, to highlight the importance of this organic area of the GHG reduction programme.

While the implementation of the tailings facilities standard remains a critical environmental priority, it is felt that the inclusion of the metric as part of the past two LTIP grants means that work on our tailings facilities is sufficiently supported at this point, and the focus for 2022 can move to other important aspects of our ESG agenda.

For 2022, the tailings facilities measure is replaced by a water reduction measure. Given the importance of water in our operations and the SMP goal of reducing abstraction of fresh water in water-scarce regions by 50% by 2030, a measure to reduce the abstraction of fresh water in water-stressed areas will be included in the 2022 LTIP grant. The reduction will be based on a baseline of the prior three-year rolling average, to smooth out any volatility in annual usage.

The social responsibility measure is retained for a further year, with a stretching target of supporting 2.5 off-site jobs in the communities that we operate in for each job on site, by the end of 2024. This measure supports the external livelihoods commitment outlined in our

SMP and our ambition for a 'Just Transition', including the creation of environmentally friendly and socially sustainable jobs.

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 2024 remuneration report. The definition of SAFCF can be found on page 272.

Key aspects of the remuneration policy for executive directors

	Operation	Opportunity/performance measures	Implementation for 2022
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 3% increase in salary for 2022. This increase is in line with the increase for the Company's UK employees. With effect from 1 January 2022, the salaries for the executive directors will be: – Mark Cutifani – £1,440,722 – Stephen Pearce – £868,287 – Tony O'Neill – £900,452 Duncan Wanblad will succeed Mark Cutifani as chief executive on 19 April 2022. His annual salary as chief executive will be £1,250,000.
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 2022 award will be as follows: – EPS (34% weighting) – Half on performance at actual 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. As disclosed on page 142, recognising the progress we have made and the importance of continuously striving for a zero harm culture, it is the Committee's intention that any reduction to variable remuneration in the event of fatalities will be more significant compared to previous years.
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 2022 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 – Water reduction (8%) – 25% vesting for 8.5% reduction in abstraction of fresh water in water-stressed regions from rolling 3-year average over 2019-2021. 100% vesting for 11.5% reduction. This measure does not include Los Bronces where an approved long-term water strategy must be developed, and tracking to the relevant milestones, within the performance period. – Renewable energy (6%) – 25% vesting for renewable energy production capacity of 150MW per annum, 100% vesting for 250MW renewable energy production capacity. In addition for the awards to vest, two additional sites above target to have execution stage approval and Latin America and Australia to have an approved Renewable Energy Ecosystem in place. – Social responsibility (6%) – number of off-site jobs supported for each on-site job. 25% vesting for 2 off-site jobs supported, 100% vesting for 2.5 off-site jobs supported.

	Operation	Opportunity/performance measures	Implementation for 2022
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 2022. The SAYE scheme also continues to be operated for 2022.
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 UK workforce. Incumbent executive directors will receive a rate of Company contributions of 18.34% of base salary in 2022 (reduced from 21.67% in 2021, 25% in 2020 and 30% in 2019) effective from 1 January 2022. This will be further reduced to 15% of salary from 1 January 2023, when it will be aligned with the rate for the wider UK workforce.	The pension contribution for executive directors for 2022 will be 18.34% of base salary. Duncan Wanblad's pension level on assumption of the role of chief executive will be 15% 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 2022.

Remuneration arrangements for the retirement of Mark Cutifani

It was announced in November 2021 that Mark Cutifani will be retiring as chief executive and stepping down from the Board on 19 April 2022 and will remain an Anglo American employee until 30 June 2022. Between stepping down as chief executive and leaving the Group, he will continue to provide services to the Group in support of a smooth transition into the role for Duncan Wanblad. The remuneration arrangements for Mark as outlined in the table above will apply until his departure from the Group on 30 June 2022. The remuneration arrangements for his retirement will consist of:

- Payment in lieu of unworked notice consisting of base salary, car allowance and pension from 1 July 2022 to 31 October 2022
- Pro-rated bonus for time served in 2022 up to 30 June 2022 and subject to performance, to be paid out fully in cash at the normal time (following year end) to the extent a bonus is earned
- Good leaver treatment in respect of outstanding share awards, awards will vest at their original vesting dates, and any LTIP awards which vest will be subject to a further two year holding period
- No LTIP for 2022 will be granted
- LTIP awards to be pro-rated for service up to 30 June 2022 and vesting remains subject to performance.

Following his retirement, he will be expected to maintain a holding of Anglo American shares of four times his salary on cessation, for a period of two years.

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. Clawback may be applied in the circumstances below, Malus 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 chief executive 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 non-executive directors (NEDs) is outlined in the 2019 Integrated Annual Report. The policy does not set limits for individual fees, but provides that maximum annual aggregate basic fees for all NEDs (excluding the chairman) should not exceed £1.25 million.

Chairman and non-executive director (NED) fees: implementation for 2022

Fee levels for the Chairman and NEDs were reviewed in 2022 to ensure that they are set at an appropriate market level and remain competitive. Increases to the NEDs' annual base fees were last approved in 2017, phased in over a two-year period, rising to their current level of £90,000 in 2019. Committee membership fees were introduced as part of the 2017 review and have also not increased since 2019. Fees for the committee chairs and the senior independent director were last increased in 2014.

In deciding to set fees for 2022 at the levels set out below, the following considerations were taken into account:

- NED fees have not risen for a considerable period of time and, with inflation, have declined in real terms and not kept up with increases in remuneration for the wider workforce
- Fee levels should be competitive with the Group's closest industry and FTSE 30 peers
- Parity in the fees paid to the chairs of our Audit, Remuneration and Sustainability committees should be maintained given the demands of these roles in the context of our Company
- With the addition of another Board meeting in 2022 and the expectation of more out of cycle briefings and meetings with management, the workload and time commitment of our NEDs are increasing.

For 2022, NED base fees and the fee for the senior independent director have increased by 8.3%. Fees for chairing or serving as a member of the Audit, Remuneration or Sustainability committees have increased by 33.3%; and fees for serving as a member of the Nomination Committee have increased by 25%.

The chairman's fee has also increased by 8.3% in 2022. The fee paid to the chairman and his predecessor has not increased since 2014 apart from a 2% increase in 2021. The chairman's fee for 2022 was set following a review process taking into account all relevant factors including external market levels and the decline of the chairman's fee in real terms over multiple years.

Determining the fees paid to NEDs is a matter for the Board, with the NEDs abstaining; therefore, increases were approved by the chairman and the executive directors. The chairman's increase was approved by the Remuneration Committee, in consultation with the chief executive. No directors were involved in any decision as to their own fees. From 2023, the chairman and NED fees will be reviewed annually, in line with the approach taken for the executive directors and the wider UK employee population.

Role	2021 Fee (£'000)	2022 Fee (£'000)
Chairman fee	714[1]	773[1]
NED base fee	90	97.5
Senior independent director	30 (additional to base fee)	32.5 (additional to base fee)
Chair of Audit, Remuneration or Sustainability committees	30 (additional to base fee)	40 (additional to base fee)
Audit, Remuneration or Sustainability committee membership	15 (each committee membership)	20 (each committee membership)
Nomination committee membership	10	12.5

(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 2021 (audited)

The table below sets out the remuneration paid to the executive directors for 2021.

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	**1,399**	**57**	**2,207**	**5,777**	**382**	**5**	**9,827**	**1,837**	**7,990**
Mark Cutifani (2020)	1,371	41	1,574	5,938	402	5	9,331	1,814	7,517
Stephen Pearce	**843**	**40**	**1,330**	**3,481**	**202**	**5**	**5,902**	**1,085**	**4,817**
Stephen Pearce (2020)	826	37	965	3,579	210	5	5,623	1,074	4,549
Tony O'Neill	**874**	**39**	**1,380**	**3,610**	**235**	**5**	**6,144**	**1,148**	**4,996**
Tony O'Neill (2020)	857	38	1,001	3,711	248	5	5,860	1,143	4,717

(1) In 2020, all executive directors 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 21 February 2022. As the awards are due to vest after publication of this report, an average share price between 1 October 2021 and 31 December 2021, of £28.26, was used to calculate the value and will be trued up in the 2022 report. The LTIP values shown include dividend equivalent amounts of £688,500 for Mark Cutifani, £414,940 for Stephen Pearce and £430,311 for Tony O'Neill. This includes an equivalent payment for the special dividend paid in September 2021. The values of LTIP awards that vested in 2021 have been restated using the share price at vesting of £29.62, see page 151 for further details.
(3) For the 2019 LTIP vesting in 2022, between grant and valuation of the award for single figure purposes, the share price increased from £20.25 to £28.26, which equated to an increase in value of each vesting share of £8.01. The proportion of the value disclosed in the single figure attributable to share price growth is 28.3%. The Remuneration Committee did not exercise discretion in respect of the share price appreciation. For the 2018 LTIP vesting in 2021 the share price increased from £17.79 to £29.62 at vesting, equating to an increase in value of each vesting share of £11.83. The proportion of the value disclosed in the single figure attributable to share price growth is 39.9%.
(4) Pension figures no longer include employer NIC values where pension is received as a cash allowance. Pension figures now include the notional return on UURBS balances. See page 152 for further details.
(5) Other comprises the value of free and matching shares awarded under the SIP.

Basic salaries for 2021

The basic salaries for 2021 were as follows (in £'000s):

Mark Cutifani

£1,399

(2020: £1,371)

Stephen Pearce

£843

(2020: £826)

Tony O'Neill

£874

(2020: £857)

Benefits in kind for 2021 (audited)

Benefits for executive directors with a value over £5,000 are set out below. 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	32,643
Stephen Pearce	31,479
Tony O'Neill	31,479

Mark Cutifani received tax advice to the value of £19,680 during the year. The increase in value in the tax advisory costs is related to the additional advice received ahead of his retirement in 2022.

Annual bonus outcomes for 2021 (audited)

50% of the total 2021 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 financial targets. 20% each was assessed against strategic measures and a further 20% was assessed on Safety, Health and Environment (SHE) measures, with the remaining 10% being assessed against the achievement of individual objectives.

Strategic and SHE objectives are shared by the executive directors, 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.

After a period of sustained year-on-year improvements on safety, there was a dip in the Group's injury rate during 2021; this was largely due to the changes to operating configurations caused by Covid-19 related disruptions. Tragically, one colleague lost his life during the year in a work-related incident in a Group managed operation. Although significant progress towards eliminating fatalities has been made in recent years, the Committee and the executive directors strongly believe that any loss of life is unacceptable. A 3.5% reduction in executive directors' annual bonuses will therefore be implemented.

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 2021 bonus outcomes.

Summary of 2021 annual bonus outcome

	Financial metrics (50%)	SHE metrics (20%)	Strategic metrics (20%)	Personal metrics (10%)	Total pay-out pre-safety deductor (%)	Pay-out after 3.5% safety deductor (%)[1]	Annual bonus value (£'000)
Mark Cutifani	38.9%	14%	16%	9%	77.9%	75.2%	£2,207,458
Stephen Pearce	38.9%	14%	16%	9%	77.9%	75.2%	£1,330,380
Tony O'Neill	38.9%	14%	16%	9%	77.9%	75.2%	£1,379,663

(1) Safety deductor applied on a multiplicative basis against overall annual bonus outcomes.

Annual bonus performance assessment for 2021 (audited)

The financial element of the 2021 annual bonus is measured against underlying EPS and sustaining attributable free cash flow (SAFCF) measures. SAFCF, measured at fixed prices and FX rates, was introduced to the annual bonus in 2021.

The EPS elements of the award accounted for 34% of the total annual bonus, split equally between EPS measured at fixed prices and FX rates and EPS measured at actual prices and FX rates. The fixed price and FX rate EPS portion is designed to reflect 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. SAFCF, measured at fixed prices and FX rates, accounted for 16% of the total annual bonus.

Underlying EPS assessed at actual prices and FX rates for the year was 722 cps (2020: 253 cps) corresponding to a 100% (2020: 75%) vesting performance. EPS assessed at fixed prices and FX rates was 242 cps (2020: 103 cps), corresponding to a 65% (2020: 0%) vesting performance. Full achievement of EPS at actual prices was due to the strong price environment and demand for some of our products, especially copper, PGMs and iron ore, as well as an improving market for diamonds. Earnings and cash flow were broadly in line with targets due to robust operational performance in the year, as operations recovered from the impact of Covid-19, and the PGMs ACP incident in 2020. Full vesting for the EPS at fixed prices was not achieved due to operational issues, unplanned maintenance and logistics constraints.

Vesting of the combined EPS element was 82.5% (2020: 37.3%). The EPS element corresponds to 34% of the annual bonus award, with the 82.5% outcome equivalent to 28% (2020: 18.6%) of the overall opportunity. It should be noted that in 2020 the EPS element accounted for 50% of the annual bonus award.

SAFCF assessed at fixed prices and FX rates was $2.9 billion, corresponding to a 67.5% payout on this measure. The strong cash flow performance was driven largely by the strong operating performance.

The shared strategic objectives account for 20% of the total award. 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 that follow.

The executive directors have 10% of the annual bonus weighted to individual performance measures, focusing on the critical deliverables for each executive director in the areas of Portfolio, Innovation and People. The tables that follow detail the achievement against these objectives for each executive director.

Financial performance

Metric	Threshold (25%)	Maximum (100%)	Outcome	Weighting	Payout
EPS at actual prices and FX rates[1]	$4.75/share	$7.12/share	$7.22/share	17%	100%
EPS at fixed prices and FX rates[1]	$2.06/share	$2.74/share	$2.42/share	17%	65.2%
SAFCF at fixed prices and FX rates	$2.3bn	$3.4bn	$2.9bn	16%	67.5%
Total				**50%**	**77.8%**

(1) The two EPS targets have been restated from the previously approved ranges to exclude the demerger of Coal SA from June onwards and the disposal of Cerrejón from July onwards. EPS at fixed prices and FX rates was restated from previously approved ranges of threshold $2.19 per share and stretch $2.93 per share to the targets stated above. The EPS at actual prices and FX was restated from previously approved ranges of threshold $4.85 per share and stretch $7.35 per share to the targets stated above. The restatement was made so that it did not change the difficulty /stretch within the metric or the bonus outcome.

SHE performance

Metric	Metric type	Achievement	Weighting	Outcome
Total recordable case frequency rate (TRCFR) – improvement of 15% on prior three-year Group average	Safety	Despite several business units recording double-digit performance improvements during the year, the Group recorded a slight increase in TRCFR during 2021. The rate improved during the second half as the importance of work routines was reinforced.	5%	0%
Progress the deployment of key digital programmes: – Environmental DNA – Spatial Inventory Modelling (SIM) – Predictive Monitoring – Integrated GHG modelling. Target at least one deployment of each of these programmes at least one site in each BU.	Environment	30 instances of digital programmes were deployed during 2021, representing a strong uptake across all business units and a range of different sites and locations. This result represents an over-achievement of the goal, primarily driven by more sites and projects participating in the eDNA programme and Predictive Monitoring. This outcome resulted in full payout for the portion of the annual bonus dependent on this measure.	5%	100%
Deploy noise-related digital critical control monitoring processes at 80% of relevant sites and target 50% of employees who are exposed to hazards to have a single integrated electronic health record by end-2021	Health systems	Noise critical controls were deployed at 100% of the relevant sites. Integrated health records were implemented in-line with targets at Bulk Commodities and Copper. Three of the four tasks were implemented at PGMs and De Beers; however, the final step in relation to system interfaces was scheduled for December and did not complete as planned, with completion scheduled for the first quarter of 2022. This measure will payout at 80%.	5%	80%
Each operation to complete their 2021 EoF deliverables per the approved plan. This results in 75% completion of the overall EoF programme at a Group level	Safety	The Elimination of Fatalities (EoF) programme achieved its 2021 objectives, with all business units achieving more than 95% of their site deliverables. The EoF programme is over 75% complete, and focus is transitioning to a business-as-usual phase. Performance against the annual bonus measure exceeded the target and results in a 100% payout of this measure.	5%	100%
Total			**20%**	**70%**

Shared strategic performance

Metric	Metric type	Achievement	Weighting	Outcome
Quellaveco – delivery of project milestones	Portfolio	The Quellaveco project remains on track to deliver line 1 completion in mid-2022.	7%	100%
Woodsmith – align project execution strategy and delivery of project milestones	Portfolio	Technical review largely completed in 2021, which concluded that a number of elements of the project's design would benefit from modification to bring it up to the Group's safety and operating integrity standards, and to optimise the value of the asset for the long term.	3%	33%
Deliver $400 million of net cost and volume growth via deployment of P101; FutureSmart Mining™; Digitalisation; Technology Development; and marketing initiatives	Innovation	Gross cost and volume gains arose from higher production rates and availability, combined with throughput and recovery, and working capital gains. This was offset by operational issues at Moranbah North; water availability and recovery issues, as well as port closures due to bad weather, at Copper; unplanned maintenance at Iron Ore Brazil; and logistics constraints at Kumba, resulting in the net cost and volume target being missed.	5%	60%
Sustainability – achieve 2021 SMP objectives: – develop roadmap and execution plan for next evolution of FutureSmart Mining™ and initiate first pilot project – develop 2030 carbon neutrality execution roadmap and commence feasibility studies on the priority initiatives	Innovation	11 out of the 12 SMP objectives are on track, with water not tracking on target. The next evolution of FutureSmart Mining™ (FSM) consists of multiple sub-projects in relation to leaching chemistry, biotechnology, nature-based solutions and circularity,which as they develop will enhance FSM and create a broader holistic programme that will enable a further step-change in innovation. A number of pilot projects have commenced during the year and are in implementation or operational phase. A Scope 1and 2 emissions reduction roadmap has been developed and implementation has commenced. A Scope 3 emissions methodology and ambition was concluded and detailed in the Climate Change Report in October 2021.		
Embed the Organisation Model into employee onboarding and leadership development programmes Each business unit to sign off Organisational Leadership Excellence blueprints with implementation of blueprints progressing to plan	People	The Organisation Model was embedded into senior manager onboarding and leadership development programmes. Organisation Leadership Excellence blueprints were signed off by each business unit. Implementation is progressing to plan, and dashboards have been developed to track progress.	3%	100%
Diversity – 28% women in manager-once-removed roles by end-2021	People	At year end, female representation in the chief executive's manager-once-removed population was 29%, a 2% increase on 2020 and above target.	2%	100%
Total			**20%**	**80%**

2021 annual bonus personal performance

Mark Cutifani

	Percentage weighting	2021 outcome
Financial	50%	38.9%
SHE	20%	14%
Strategic	20%	16%
Personal	10%	9%
Total	**100%**	**77.9%**
Safety deductor	A percentage reduction from overall bonus outcome on a multiplicative basis	3.5%
Overall result	**–**	**75.2%**

Details of personal objectives	Achievement	Outcome
Portfolio (5%) – Complete demerger of thermal coal operations in South Africa, define pathway for Cerrejón exit – Progress delivery of the De Beers strategy – Alignment on optimal configuration of the Group's portfolio	Successful demerger of thermal coal operations in South Africa as Thungela Resources Ltd, in line with accelerated timetable. Disposal of the Group's shareholding in Cerrejón to Glencore was announced in June 2021 and completed in January 2022. The execution of the De Beers strategy is progressing to plan, notably via a restructured organisation delivering improved business performance. Detailed board discussions took place to align the Group's long-term strategic approach, although full alignment still progressing.	80%
People (5%) – Alignment of succession options with the Board	Group chief executive succession planning process concluded successfully. Broader GMC succession options aligned with the Board and incoming chief executive.	100%
Overall individual performance		**90%**

Stephen Pearce

	Percentage weighting	2021 outcome
Financial	50%	38.9%
SHE	20%	14%
Strategic	20%	16%
Personal	10%	9%
Total	**100%**	**77.9%**
Safety deductor	A percentage reduction from overall bonus outcome on a multiplicative basis	3.5%
Overall result	**–**	**75.2%**

Details of personal objectives	Achievement	Outcome
Portfolio (4%) – Complete demerger of thermal coal operations in South Africa, define pathway for Cerrejón exit	Successful demerger of thermal coal operations in South Africa as Thungela Resources Ltd, in line with accelerated timetable. Disposal of the Group's shareholding in Cerrejón to Glencore was announced in June 2021 and completed in January 2022.	100%
Innovation (3%) – Drive capital effectiveness and efficiency through integrated capital allocation decision making and improved internal capital structure	Delivery of a step-change in integrated business planning (between Technical, Finance and Sustainability disciplines), with significant progress ongoing in optimising capital structures across the Group.	67%
People (3%) – Cost model roll-out to major assets – Anticipate and respond to Johannesburg Stock Exchange and UK regulatory requirements impacting financial controls	Cost model pilots concluded at Iron Ore Brazil and Los Bronces, with deployment further integrated with Anglo American's Operating Model schedule. Continued improvement in controls supporting our JSE listing requirements. Significant development in the design of internal control activities in response to anticipated UK legislation.	100%
Overall individual performance		**90%**

Tony O'Neill

	Percentage weighting	2021 outcome
Financial	50%	38.9%
SHE	20%	14%
Strategic	20%	16%
Personal	10%	9%
Total	**100%**	**77.9%**
Safety deductor	A percentage reduction from overall bonus outcome on a multiplicative basis	3.5%
Overall result	**–**	**75.2%**

Details of personal objectives	Achievement	Outcome
Portfolio (4%) – Complete Capital Engineering across the whole organisation review	Technical, Capital and Sustainability reviews were undertaken twice during 2021. Reviews of major capital engineering projects at Woodsmith and Venetia resulted in significant managerial changes that have resulted in improved performance. A change in CEO for Crop Nutrients was implemented, effective from 1 January 2022.	100%
Innovation (3%) – Deliver significant progress in nuGen, Carbon Neutrality and the next evolution of FutureSmart Mining™, with associated pull-through of innovation	Significant progress continues to be made in developing and operationalising innovation programmes. Significant progress has been made on the nuGen programme with successful proof of concept testing of the Hydrogen Power Plant module, and mechanical truck installation in South Africa. Carbon Neutrality workstreams have progressed with the South African Renewable Energy strategy designed and approved, and permit applications submitted for the first mover sites. A number of projects are in concept or pre-feasibility stage. The next evolution of FutureSmart Mining™ consists of multiple sub-projects in relation to leaching chemistry, biotechnology, nature-based solutions and circularity, which as they develop will create a broader holistic programme that will enable a further step-change in innovation. Projects that were under way in various stages of implementation, commissioning and operation during 2021 include drystack tailings, coarse particle recovery, bulk ore sorting, rock cutting, real-time sensing, eDNA and Circulab, supported by the broader innovation in Data Analytics.	67%
People (3%) – Reduction in repeat HPI events by 20%	The percentage of repeat high potential incidents was 61% in 2020. In 2021 this improved to 48%. This is a 21% improvement in the percentage of repeat high potential incidents.	100%
Overall individual performance		**90%**

2019 LTIP award vesting (audited)

In 2019, Mark Cutifani, Stephen Pearce and Tony O'Neill received LTIP grants of 199,196, 120,050 and 124,497 conditional shares respectively; in addition to this, they received 849, 512 and 531 additional conditional shares respectively as a result of the demerger of our South African thermal coal operations into Thungela Resources Ltd in June 2021. More details on this adjustment to the awards can be found on pages 153-154. Vesting of these conditional share awards was 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 2021
- Group attributable ROCE in year to 31 December 2021
- Group cumulative attributable FCF at fixed price and FX rates over the three-year period to 31 December 2021
- Implementation of the Water Management Standard
- Implementation of an employee well-being strategy.

TSR performance over the three-year period was strong, with shareholders seeing a TSR of 101.3%, well above the FTSE 100 median TSR of 19.7% and the Euromoney Global Mining Index TSR of 65.8%.

ROCE performance for the period was 43%, resulting in full vesting of this portion of the award. The performance was due to strong commodity prices, with the Group basket price being well above budget. Cash flow was impacted by headwinds including Covid-19 and one-off operational incidents and therefore resulted in no vesting for the cumulative attributable free cash flow at fixed price and FX rates portion of the award.

The Water Management Standard (WMS) measure required all sites to have implemented the WMS by the end of 2021. The WMS included the three components of a competent water manager, a site water balance being in place and a site-specific water management plan. At 31 December 2021, all aspects were met at operational sites, leading to full vesting for this portion of the award.

The employee well-being measure required the implementation of well-being strategies at all sites. During the performance period, the Group was already in the process of developing a well-being strategy focused on the overall health of employees, but with the onset of Covid-19 in early 2020, focus on this area shifted to our response to the pandemic, culminating in the development of our WeCare lives and livelihoods programme. By the end of 2021, all sites had fully implemented the priorities of WeCare, leading to full vesting for this portion of the award.

Performance against the 2019 LTIP performance measures resulted in an overall achievement of 90%. At a 90% vest and based on current share price, the cap on vesting value does not come into effect and there will be no reduction in vesting. At a 90% vesting level, the share price required for the cap to come into effect is £44.81.

Discretion

No discretionary adjustments were made to the LTIP targets or outcome.

Performance assessment for 2019 LTIP awards

Measure	Weighting	Threshold performance (25% vesting)	Stretch performance (100% vesting)	Actual performance	Vesting outcome
Euromoney Global Mining Index TSR	47%	Index performance (65.8%)	Index +6% p.a. (92.4%)	101.3%	100%
FTSE 100 constituents TSR	23%	Median TSR performance (19.7%)	80th percentile TSR performance (75.6%)	101.3%	100%
Group attributable ROCE	10%	12%	20%	43%	100%
Group cumulative free cash flow[1]	10%	$2.6 bn	$4 bn	< 2.6 bn	0%
Implementation of water management standard	7%	More than 90% of sites implemented all three components	100% of sites implemented all three components	100%	100%
Implementation of employee well-being strategy	3%	90% of sites fully implemented	100% of sites fully implemented	100%	100%

(1) 2019-2021 cumulative attributable free cash flow (AFCF) at fixed price and FX rates.

Total outcome of the 2019 LTIP

	Numbers shares granted[1]	Numbers shares vesting at 90%	Dividend equivalents on vested value	Value based on vesting at 90%[2]	Total value
Mark Cutifani (maximum opportunity 300% of salary)	200,045	180,041	£688,500	£5,088,168	£5,776,667
Stephen Pearce (maximum opportunity 300% of salary)	120,562	108,506	£414,940	£3,066,509	£3,481,449
Tony O'Neill (maximum opportunity 300% of salary)	125,028	112,525	£430,311	£3,180,102	£3,610,413

(1) Number of shares includes additional Anglo American shares resulting from adjustment following the demerger of Thungela Resources Ltd. The number of additional shares in respect of the 2019 LTIP is shown on page 153. Dividend equivalents for additional adjusted shares accrue from the date of demerger.
(2) 2019 LTIP vesting does not exceed the cap and therefore there will be no reduction in vesting. Values based on the average share price for 1 October to 31 December 2021 of £28.26; value excludes dividend equivalents.

Restatement of value of 2018 LTIP

	Number of shares vesting	Dividend equivalents value	2020 estimated value[1] (ex dividends)	2020 estimated total value	Actual value of award at vesting[2]	Restated 2018 LTIP value
Mark Cutifani	186,256	£421,231	£4,004,693	£4,425,924	£5,516,903	£5,938,134
Stephen Pearce	112,252	£253,866	£2,413,522	£2,667,388	£3,324,904	£3,578,770
Tony O'Neill	116,410	£263,269	£2,502,926	£2,766,195	£3,448,064	£3,711,334

(1) 2020 estimated value uses three-month average share price up to 31 December 2020 of £21.50 as stated in the 2020 Annual Report.
(2) The share price on vesting was £29.62.

Outstanding LTIP awards

As explained in the 2016 Annual Report on Remuneration, the value that can be received from LTIP awards granted in 2017, 2018 and 2019 is limited to twice the face value at grant. The cap has not been applicable for the 2017, 2018 or 2019 awards.

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 £299,811, £182,676 and £186,147 respectively
- Contributions treated as being paid into the UURBS earn a fixed return of 5.125%. The total return earned in 2021 was £78,437 for Mark Cutifani, £19,526 for Stephen Pearce, and £45,635 for Tony O'Neill
- As at 31 December 2021, the total balance due to executive directors in relation to the UURBS was £3,296,633. Retirement benefits can only be drawn from the UURBS if a member has attained age 55 and has left Group service.

Total pension for 2021

	DC contribution (£'000)	UURBS contribution (£'000)	UURBS Notional Increase (£'000)	Total (£'000)
Mark Cutifani	£3.3	£299.8	£78.4	£381.5
Stephen Pearce		£182.7	£19.5	£202.2
Tony O'Neill	£3.3	£186.1	£45.6	£235.1

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 non-executive directorship, at TotalEnergies SE, amounting to €110,000 for 2021. Stephen Pearce retained fees for one external non-executive directorship, at BAE Systems plc, amounting to £112,026 for 2021.

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 £55,283. 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 2021.

Other director remuneration in 2021 (audited)

Non-executive director remuneration

The table below sets out the remuneration paid to the Company's NEDs in 2021. 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	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.

Single total figure of remuneration for non-executive directors

	Total fees 2021 £'000	Benefits in kind 2021 £'000[5]	Total 2021 £'000[7]	Total fees 2020 £'000[6]	Benefits in kind 2020 £'000[5]	Total 2020 £'000[7]
Non-executive directors						
Stuart Chambers	714	9	723	700	7	707
Ian Ashby	145			145		145
Marcelo Bastos[1]	113			105		105
Elisabeth Brinton[2]	80					
Byron Grote	175			175		175
Hilary Maxson[3]	61					
Hixonia Nyasulu[1]	113			100		100
Nonkululeko Nyembezi[4]	120			115		115
Anne Stevens	145			145		145

(1) The increases to fees for Marcelo Bastos and Hixonia Nyasulu reflect additional committee memberships in 2021.
(2) Elisabeth Brinton joined the Board on 1 March 2021; her 2021 fees are a part-year figure.
(3) Hilary Maxson joined the Board on 1 June 2021; her 2021 fees are a part-year figure.
(4) Nonkululeko Nyembezi did not receive a fee increase in 2021; the increase shown is due to her taking on additional committee membership part way through the year in 2021.
(5) 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.
(6) 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.
(7) Total is comprised only of fixed remuneration.

Scheme interests granted during 2021 (audited)

The table below summarises the BSP and LTIP share awards granted to executive directors during 2021.

The BSP award granted in 2021 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 2021-2023 based on the performance metrics detailed.

Summary of conditional share awards and options granted in 2021

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	50% of bonus	26,869	£786,724
				Stephen Pearce	50% of bonus	16,479	£482,505
				Tony O'Neill	50% of bonus	17,090	£500,395
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	31/12/2023	Mark Cutifani	300% of salary	143,305	£4,195,970
				Stephen Pearce	300% of salary	86,366	£2,528,796
				Tony O'Neill	300% of salary	89,566	£2,622,492
	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%					
		Cumulative SAFCF at actual prices and FX rates (15%)					
		GHG intensity (8%) 25% for 5% improvement in GHG intensity by 2023 100% for 15% improvement					
		Tailings facilities (6%) 100% for implementation of the updated Anglo American standard incorporating all GISTM requirements across Group managed operations					
		Social responsibility (8%) 25% for 1.5 jobs supported off site for each job on site globally, 100% for 2 jobs supported					

(1) The face values of the BSP and LTIP awards have been calculated using a grant share price of £29.28. This share price has been calculated based on the five-day average closing share prices between 1 March 2021 and 5 March 2021. 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 2023.

Additional grants and payments due to demerger of thermal coal operations

The demerger of the Group's thermal coal operations in South Africa as Thungela Resources Ltd was completed in June 2021. The transaction resulted in shareholders receiving one Thungela share for every 10 Anglo American shares owned. The following treatments were applied for our share awards:

LTIP awards

LTIP awards in the form of conditional awards over Anglo American shares, were adjusted to increase the number of Anglo American conditional shares under award by the value of the Thungela shares recipients would have received had they been Anglo American shareholders at the date of the demerger. These additional shares are subject to the same performance conditions and vest at the same time as the underlying award.

The number of additional Anglo American conditional shares resulting to the executive directors from the adjustment are as follows:

Role	2019 LTIP	2020 LTIP	2021 LTIP
Mark Cutifani	849	968	611
Stephen Pearce	512	583	368
Tony O'Neill	531	605	382

Deferred annual bonus awards under the Bonus Share Plan (BSP)

Deferrals into shares from annual bonus awards are granted as forfeitable shares under the Bonus Share Plan in the UK. As shareholders, participants received Thungela shares subject to the same restrictions as the underlying awards over Anglo American shares. Due to the receipt of the awards over Thungela shares resulting in a capital gain, an accelerated vesting of a portion of the award to cover any potential capital gains tax may take place in March 2022.

Share Incentive Plan (SIP)

As Anglo American shareholders, employees participating in the SIP received one Thungela share for every 10 Anglo American shares held. These were sold by the SIP Trustees on the employees' behalf immediately after the demerger and the Group compensated employees for an additional tax charge arising. The value of the additional payment for the executive directors was £467 for Mark Cutifani, £342 for Stephen Pearce and £322 for Tony O'Neill. The treatment of Thungela shares received by the executive directors was the same as the approach for wider workforce participants.

Save as You Earn (SAYE)

SAYE option holders do not hold Anglo American shares until the options are exercised. Option holders will be eligible to receive a cash payment on exercise, to the value of the Thungela shares they would have received had they been Anglo American shareholders. No cash payments on exercise were made to the executive directors during 2021, but all held unexercised options as at 31 December 2021. The approach for executive directors was the same as for wider workforce participants. The maximum values of the cash payments that will be made to the executive directors relating to the SAYE are £162.22 for Mark Cutifani, £387.49 for Stephen Pearce and £195.28 for Tony O'Neill.

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 2021. 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, 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, the following shares are included:

- Beneficially owned shares
- Vested incentive shares in a holding period
- In-flight BSP shares on a net of tax basis
- SIP shares.

LTIP share awards with performance conditions are not included.

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 2,535% of basic salary, 1,322% for Stephen Pearce and 2,256% for Tony O'Neill, calculated using the average share price between 1 October and 31 December 2021 of £28.26.

Differences from 31 December 2021 to 23 February 2022

The interests of Mark Cutifani, Stephen Pearce and Tony O'Neill increased by 18 shares each during the period between 31 December 2021 to 23 February 2022, as a result of the acquisition of shares under the SIP. Their total holdings therefore increased to 1,918,185, 786,927, and 1,113,866, respectively. There have been no other changes in the interests of the directors in shares between 31 December 2021 and 23 February 2022.

Shares in Anglo American plc at 31 December 2021

			Conditional (no performance conditions)			Conditional (with performance conditions)	Total
Directors	Beneficial	Within a holding period	BSP Bonus Shares	SIP	SAYE (options over shares)	LTIP	Total
Mark Cutifani	870,695	278,385	191,708	4,359	1,212	571,808	1,918,167
Stephen Pearce	174,225	167,775	95,681	1,720	2,895	344,613	786,909
Tony O'Neill	456,527	173,990	121,783	2,709	1,459	357,380	1,113,848
Stuart Chambers	14,523	—	—	—	—	—	14,523
Ian Ashby[(1)]	2,365	—	—	—	—	—	2,365
Marcelo Bastos	1,601	—	—	—	—	—	1,601
Elisabeth Brinton	—	—	—	—	—	—	—
Byron Grote[(1)]	40,896	—	—	—	—	—	40,896
Hilary Maxson	—	—	—	—	—	—	—
Hixonia Nyasulu	1,555	—	—	—	—	—	1,555
Nonkululeko Nyembezi	1,924	—	—	—	—	—	1,924
Anne Stevens	2,122	—	—	—	—	—	2,122

(1) Included in the beneficial interests of Ian Ashby and Byron Grote are shares held via unsponsored ADRs.

Fairness

Introduction

In 2020 we introduced this dedicated fairness section to the remuneration report incorporating disclosures that demonstrate the Committee's belief that our remuneration structures are fair and 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, the Global Workforce Advisory Panel chaired by our senior independent director Byron Grote continued to operate with the goal of facilitating how the Board communicates with and takes aboard the views of the wider workforce. Two virtual meetings took place during the year providing employees with the opportunity to raise and discuss their views on a range of topics, including executive remuneration and its alignment with wider Company pay policy. The Remuneration Committee is considering opportunities to improve how the Group engages with the workforce to explain how decisions on executive remuneration reflect wider workforce pay policy.

Global employee share plan

We are implementing a global employee share plan that will increase employee share ownership, create greater equity in wealth creation opportunities across the wider global workforce and enhance employee engagement. The plan will enable employees to share in the success of the Company and encourage employees to act as owners. It will allow for awards of Company shares to employees who do not currently enjoy supported access to share ownership and will also incentivise personal investment in the Company.

This new plan will not include the grant of additional share awards to executive directors or GMC members. The terms and plan rules will be presented to a shareholder vote at the 2022 AGM, and it is intended that implementation will take place later in the year following approval.

Living wage

Anglo American has been an accredited Living Wage employer in the UK since 2014 via the Living Wage Foundation. In 2021, as a result of the maturity and availability of Living Wage reference values for all the countries in which Anglo has a presence, we were able to conduct an in-depth assessment to understand our overall position regarding the Living Wage and our global employee workforce. Following this study, the following commitments were agreed and published on our corporate website:

1. We are committed to ensuring that every employee at Anglo American earns a fair wage, and we are confident that this principle is applied to all of our employees in each of our locations
2. We are committed to formalising our approach to fair pay by:
   a. partnering with an independent third party (the Fair Wage Network), with an aim to become an accredited Living Wage employer globally in 2022 (we are already accredited by the Living Wage Foundation in the UK)
   b. incorporating a Living Wage analysis into our annual pay review processes to ensure we adhere to fluctuating Living Wage benchmarks
3. We are committed to exploring ways of applying Living Wage principles to our contractors and supplier base in the future
4. We are committed to advocating Living Wage principles to organisations or individuals beyond our control, but within reach of our influence.

Anglo American has been in partnership with the Fair Wage Network since March 2021. The Fair Wage Network is a trusted organisation that has developed an online database that covers Living Wage reference values for every country in the world and is considered an expert in this field. In January 2022, we commenced the accreditation process with the Fair Wage Network, with a view to formalising our status as a committed Living Wage employer. Presently, our focus is on direct employees, with the intention to focus on contractors and suppliers in the future.

Cascade of pay elements through employee population

The following table represents the cascade of our remuneration elements across our UK employee population. Work on aligning our newly acquired Crop Nutrients business to this remuneration structure was completed in 2021.

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. All employees are also eligible to receive discretionary annual awards of free shares.
	Annual Bonus	Our UK permanent employees 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 appropriate alignment. 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 in these areas, and are subject to the safety deductor. The LTIP awards granted to management and senior management include the performance measures applicable to our executive directors, which for 2022 include ESG measures relating to renewable energy, water abstraction reduction and supporting off-site jobs in the regions that we operate.

Gender pay gap

Introduction

Through intentional efforts, creating a more psychologically safe workplace and recognising the impact of intersectionality, we continue to improve our female representation. As at April 2021, women make up 56% of our UK HQ employees compared with 54% a year earlier, and female representation continues to increase across our total management population. We continue to focus on areas such as talent acquisition, development so individuals not only get in but get on, mentoring and opportunities for those from under-represented groups. Our actions are supporting our goal of having 33% female representation across our Executive Committee and those that report to it, improving to 29% by the end of 2021, from 27% in 2020.

We remain confident that our pay policies result in equal pay for equal work, regardless of gender or other characteristics. We have also made significant progress in improving both female representation and creating a more inclusive workplace in the last few years and acknowledge the need for this to continue.

Summary

Anglo American Services (UK) Limited is the UK company that has historically employed 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 2021.

Our mean UK hourly pay gap of 44% 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 15.2 % 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 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 2021, Anglo American Services (UK) Ltd comprised of:

- A UK workforce of 334 employees of which 44% were men and 56% 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 (71%) than women (29%)
- Leading to a 44% mean and 36% median UK hourly pay gap (2020: 47% mean and 36% median).

Hourly pay gap ratios

The table below ranks Anglo American Services (UK) Limited 334 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, this chart shows that there has been little change year-on-year in the upper quartile, where the percentage of women remained static at 30%, however, the percentage of women in the upper middle quartile continued to increase year on year from 47% to 54%. Proportionally there remains more male employees than female employees in the higher pay quartiles.

Hourly pay quartiles

Hourly pay quartiles	2021 Percentage males in Quartile	2021 Percentage females in Quartile	2020 Percentage males in Quartile	2020 Percentage females in Quartile
Lower	**20**	**80**	19	81
Lower Middle	**39**	**61**	41	59
Upper Middle	**46**	**54**	53	47
Upper	**70**	**30**	70	30

Proportion of employees awarded a bonus for 2021

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. 2021 saw 84% of male and 80% of female employees receive a bonus.

% awarded a bonus	2021	2020
Male	**84%**	84%
Female	**80%**	81%

The population for which bonus pay refers was 336 reflecting the different rules for the statutory reporting of hourly rate and bonus figures.

Bonus pay gap

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 decrease in the mean bonus pay gap for 2021reflects the increasing proportion of female employees in more senior roles recognising there will be a lag given the vesting period for bonuses.

Bonus pay gap	2021	2020
Male	**79%**	82%
Female	**75%**	75%

The UK Gender Pay Gap Requirement

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 companies that employ, in the UK, 250 or more people are required to disclose the specifically defined information by 4 April 2022. The source data for the required information is at the 'snapshot date' of 5 April 2021. The Company 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.

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 2012 to 31 December 2021. The FTSE 100 index was chosen as this is a widely recognised broad index of which Anglo American has been a long term constituent.

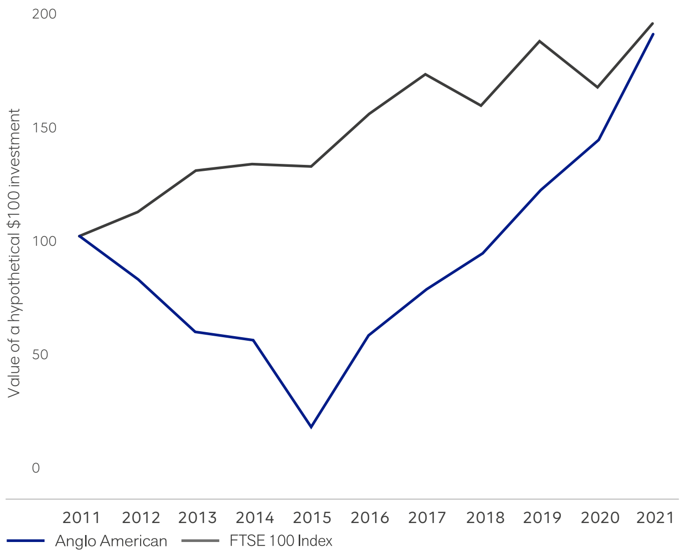
The TSR performance since 2013, when the current chief executive took office, versus the FTSE 100 index, is positive.

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 below 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, 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	**31 December, 2021**
Cynthia Carroll										
Total remuneration (single figure, £'000)	3,203	1,462	—	—	—	—	—	—	—	—
Annual bonus (% of maximum)	35%	67%	—	—	—	—	—	—	—	—
LTIP (% of maximum)	50%	28%	—	—	—	—	—	—	—	—
BSP Enhancement Shares (% of maximum)	0%	0%	—	—	—	—	—	—	—	—
Mark Cutifani										
Total remuneration (single figure, £'000)	—	5,305	3,725	3,462	3,996	6,693	15,636	10,745	9,331	**9,827**
Annual bonus (% of maximum)	—	65%	60%	36.5%	87.5%	76.9%	63.4%	58%	54.6%	**75.2%**
LTIP (% of maximum)	—	—	—	50%	0%	50%	100%	92.5%	83.8%	**90%**

CEO pay ratio

The table shows our CEO pay ratio for 2021 based on our total UK population, and the methodology used to for the calculation. At 116:1, the CEO pay ratio at the median has decreased from the median ratio of 126:1 (restated) in 2020 and 133:1 in 2019. This is as a result of the following:

- The chief executive's total remuneration has increased from £9.32 million in 2020 to £9.83 million in 2021. This is largely due to the higher payout of the 2021 annual bonus of 75.2% compared to 54.6% in 2020. The increase in bonus is offset in part by the higher value of the LTIP vesting in 2020 and the continued planned decrease in pension level.
- The total remuneration of the median employee has increased from £74,193 to £84,452. This is due to the increased bonus pay-outs for 2021 across the bonus eligible population.

As for previous years and in line with our executive director remuneration strategy, our chief executive 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 chief executive at the snapshot date of 31 December 2021, the last day of the financial year.

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
2021	**Option A**	**185:1**	**116:1**	**65:1**
2020[1]	Option A	188:1	126:1	74:1
2019	Option A	205:1	133:1	60:1

	Salary			Total remuneration		
CEO pay ratio	2021	2020	2019	2021	2020	2019
25th percentile employee	**£44,761**	£45,039	£41,706	**£53,027**	£49,805	£52,301
Median percentile employee	**£60,029**	£64,080	£54,810	**£84,452**	£74,193	£80,811
75th percentile employee	**£99,176**	£91,350	£108,200	**£150,876**	£126,812	£178,416

(1) 2020 numbers have been restated in line with the changes made to the single figure number as outlined in note 2 for the single figure table on page 146.

Change in directors' remuneration compared to UK employees

The following table sets out the directors' basic salary, benefits and annual bonus amounts for 2021, 2020 and the year-on-year changes. We show the average change in each element for UK-based Anglo American Services (UK) Limited employees below GMC level (this excludes the De Beers and Crop Nutrients businesses' employees). This population is being used, as Anglo American plc does not have any direct 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.

The results show that the although the average UK employee salary has fallen due to an increase in headcount of lower paid employees, the comparable salaries for employees who have been employed for both years shows a 6% rise from 2020. This is due to a combination of promotions and a 2% salary increase being applied for all employees. Benefits have increased by 28% on a like-for-like basis, largely due to an increase in pension level.

		2021 Salaries/fees[1]	2021 Benefits[2]	2021 Bonus	2020 Salaries/fees[1]	2020 Benefits[2]	2020 Bonus
Executive directors							
Mark Cutifani	£'000	1,399	57	2,207	1,371	41	1,574
	% change	2%	38%	40%	2%	7%	(4%)
Stephen Pearce	£'000	843	40	1,330	826	37	965
	% change	2%	7%	38%	2%	(5%)	(4%)
Tony O'Neill	£'000	874	39	1,380	857	38	1,001
	% change	2%	2%	38%	2%	12%	(4%)
Non-executive directors							
Stuart Chambers[3]	£'000	714	9	0	700	7	0
	% change	2%	18%	—%	—%	46%	—%
Ian Ashby	£'000	145	0	0	145	0	0
	% change	—%	—%	—%	10%	—%	—%
Marcelo Bastos[4]	£'000	113	0	0	105	0	0
	% change	8%	—%	—%	2%	—%	—%
Elisabeth Brinton[5]	£'000	96	0	0	0	0	0
	% change	—%	—%	—%	—%	—%	—%
Byron Grote	£'000	175	0	0	175	0	0
	% change	—%	—%	—%	4%	—%	—%
Hilary Maxson[5]	£'000	105	0	0	0	0	0
	% change	—%	—%	—%	—%	—%	—%
Hixonia Nyasulu[4]	£'000	113	0	0	100	0	0
	% change	13%	—%	—%	11%	—%	—%
Nonkululeko Nyembezi[6]	£'000	120	0	0	115	0	0
	% change	—%	—%	—%	—%	—%	—%
Anne Stevens	£'000	145	0	0	145	0	0
	% change	—%	—%	—%	4%	—%	—%
UK employees	£'000	105	21	98	106	19	92
	% change[7]	6%	28%	42%	5%	11%	7%

(1) There was no increase in NED base or committee fees in 2020 or 2021; any increase is due to individuals taking on additional committee memberships.
(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) Elisabeth Brinton and Hilary Maxson joined the Board part way through 2021; their full year equivalent fees have been included for comparability in future years.
(6) Nonkululeko Nyembezi joined the Board on 1 January 2020; no change is calculable for 2020.
(7) Annual salary increase was 2% for UK employees in 2020 and 2021; increases includes pay uplifts from promotions.

Distribution statement for 2021

The table below sets out the total expenditure on employee reward over 2021, 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		2021	2020
Underlying earnings[(1)]	$m	**8,925**	3,135
	% change	**184**	(10)
Dividends payable for year to company shareholders[(2)]	$m	**4,047**	904
	% change	**348**	(36)
Dividends payable for year to non-controlling interests [(2)]	$m	**2,837**	810
	% change	**250**	7
Payroll costs for all employees	$m	**3,796**	3,365
	% change	**13**	(3)
Share buybacks	$m	**1,000**	223
	% change	**348**	(71)
Employee numbers	'000	**62**	64
	% change	**(3)**	2

(1) See page 179 for details on how underlying earnings are calculated.
(2) Includes value of special dividend paid in September 2021.

2021 AGM shareholder voting

	Number of votes		
Vote	For	Against	Abstain
2020 Annual Report on Remuneration	898,958,341	50,836,179	13,118,414
	(94.65%)	(5.35%)	
2020 Annual Remuneration Policy	911,402,369	41,886,673	8,482,628
	(95.61%)	(4.39%)	

Remuneration Committee in 2021

Membership

The Committee comprised the independent NEDs listed on page 135 as at 31 December 2021.

External advisers to the Committee

The table below details the external advisers to the Committee and the fees paid for services provided during 2021. 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 the relevant engagement letter. 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.

External advisers and fees

Advisers		Fees for committee assistance
Deloitte LLP	Appointed by the Committee as external advisers from November 2020 following a competitive tender process. Support during 2021 included attendance and advice at Remuneration Committee meetings and advice on the remuneration elements relating to the announcement of the change of chief executive. 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, legal managed services.	£140,450

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

It was announced in November 2021 that Mark Cutifani will be stepping down as chief executive and from the Board on 19 April 2022 and will remain an Anglo American employee until 30 June 2022.

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 serve 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
Elisabeth Brinton	1 March 2021
Byron Grote	19 April 2013
Hilary Maxson	1 June 2021
Hixonia Nyasulu	1 November 2019
Nonkululeko Nyembezi	1 January 2020
Anne Stevens	15 May 2012

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

23 February 2022

Statement of directors' responsibilities

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 UK-adopted International Accounting Standards and the 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 applicable UK-adopted International Accounting Standards 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 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 also 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 Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

for the year ended 31 December 2021

The directors consider that the Integrated Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides 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 UK-adopted international accounting standards, 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 and financial position of the Parent Company; and
- 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

23 February 2022

Financial statements and other financial information

Contents

Independent auditors' report to the members of Anglo American plc

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 2021 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 UK-adopted international accounting standards;
- 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 2021 (the "Annual Report"), which comprise: the Consolidated and Parent Company balance sheets as at 31 December 2021; 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.

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.

Other than those disclosed in note 37, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach
Context
The financial year ended 31 December 2021 saw the Group benefit from a stronger pricing environment across several key commodities in its portfolio, the overall financial performance of the Group was considerably improved when compared to the prior year.

Our audit for the current year continued to be impacted by the Covid-19 pandemic. Many of the territories in which the Group operates remain impacted by continued restrictions imposed by governments, which in turn impacted the way in which we conducted our audit. A majority of audit procedures were performed remotely, including the Group team's direction and oversight of our component teams. Consistent with the prior year, the impact from the pandemic, both from a financial reporting risk perspective and as it related to delivering the audit, was continuously re-evaluated throughout the year.

As part of our audit, we made enquiries of management to understand its process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. During the year, the Group continued to develop its strategy in response to the potential risks associated with climate change by re-aligning its portfolio towards future-enabling products. Notably, it demerged its South African thermal coal operations and, subsequent to the year end, divested its interest in the Cerrejón thermal coal operation in Colombia. Management has also updated its climate ambitions, including an ambition introduced this year to halve scope 3 greenhouse gas emissions by 2040 as discussed on page 43. This ambition does not directly impact financial reporting, as management has not yet developed a pathway to deliver this objective and will only model the impact when such a pathway has been developed. Management has explained how it has considered the impact of climate change on the financial statements, and specifically in respect of cash flow projections for impairment testing, in note 7 to the financial statements. This includes its consideration of risks and opportunities that could impact the financial statements together with assumptions in respect of carbon pricing.

We used our knowledge of the Group to consider the risk assessment performed by management, including its assessment of the strategic and financial resilience of the Group's portfolio under various scenarios including a 1.5°C scenario, aligned to the goals of the Paris Agreement. Following this we considered management's financial reporting risk assessment in respect of climate change, focusing on those areas considered to be most heavily impacted such as management's impairment assessment over non-current assets. Whilst the impact is uncertain, we particularly considered the impact of both physical and transition risks arising due to climate change, as well as related opportunities and climate targets made by the Group, on the recoverable value of the Group's assets. The useful lives of the Group's mines are reassessed annually and changes could impact depreciation charges and timing of mine restoration activity. Based on the current life of mine plans there were no indications that useful lives had been materially impacted by climate change. Our work on impairment is further described in the relevant Key Audit Matter. We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

Overview
Audit scope
- Our audit included full scope audits, audit of specific account balances or specified procedures at each of the Group's thirteen in-scope businesses, joint ventures and associates ("components"),
- Taken together, the components at which audit work was performed accounted for 97% of consolidated revenue, 95% of consolidated profit before tax and 95% 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 and investments in associates and joint ventures (Group) and investments in subsidiaries (Parent Company)

- Provisions for environmental restoration and decommissioning (Group)
- Demerger of the Group's South African thermal coal operations (Group and Parent Company)
- Changes in the presentation of certain revenue streams from a gross to a net basis (Group)

Materiality

- Overall Group materiality: $300 million (2020: $200 million) based on approximately 3.0% of the Group's three year-average consolidated profit before tax, special items and remeasurements
- Overall Parent Company materiality: $300 million (2020: $80 million) based on approximately 1% of the Parent Company's total assets
- Performance materiality:$225 million (2020: $150 million) (Group) and $225 million (2020: $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.

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.

The demerger of the Group's South African thermal coal operations (Group and Parent Company) and changes in the presentation of certain revenue streams from a gross to a net basis (Group) are new key audit matters this year. The fair value allocation of the purchase price in respect of the acquisition of Sirius Minerals Plc ('Sirius'), the recoverability of deferred tax assets in Brazil and evaluating the impact of the Covid-19 pandemic, which were key audit matters last year, are no longer included because the Sirius acquisition took place in the prior year, Minas-Rio in Brazil is no longer in a net deferred tax asset position, and the Covid-19 key audit matter was to address the response to the initial year impacted by Covid-19. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment and impairment reversals for intangible assets, property, plant and equipment and investments in associates and joint ventures (Group) and investments in subsidiaries (Parent Company)	
As at 31 December 2021, the Group has intangible assets of $3,002 million (2020: $3,103 million), property, plant and equipment of $39,501 million (2020: $36,419 million) and investments in associates and joint ventures of $1,021 million (2020: $1,258 million). All of these asset categories require review for indicators of impairment, and where relevant, impairment reversal. 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 $1,877 million as at 31 December 2021 (2020: $1,963 million), predominantly associated with the De Beers business. 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, budgeted operating expenditure, the timing and approval of future capital expenditure, and the most appropriate discount rate. As these assumptions were derived from observable data available to a market participant as required under IFRS, they are not necessarily aligned with a 1.5°C Paris Agreement scenario. Estimation uncertainty is considered to be significant due to the long lives of the majority of assets and uncertainty in the quantum and timing of cash flows, including the uncertain impact of climate change on the Group's operations, as described in note 7 to the financial statements.	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 trigger 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 climate change, and recent commodity price and foreign exchange volatility, were appropriately considered in management's impairment trigger assessment and conclusions. Specifically, for each CGU where triggers for impairment or impairment reversals were identified, and in respect of the De Beers and other CGUs where an annual goodwill impairment test was required, management prepared a detailed cash flow model on a FVLCD basis to estimate the recoverable amount, or compared the carrying value to the fair value indicated by the share price of listed subsidiaries, where relevant. 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 as well as reviewing the supporting information underpinning the internal expert's report, where appropriate;

Key audit matter	How our audit addressed the key audit matter
The CGUs where impairment or impairment reversal triggers were identified in the year include Moranbah-Grosvenor (Metallurgical Coal), Dawson (Metallurgical Coal), Capcoal (Metallurgical Coal), Minas-Rio (Iron Ore Brazil), El Soldado (Copper) and Cerrejón (Thermal Coal). As triggers for impairment/impairment reversal 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 pre-tax impairment losses had occurred at Moranbah-Grosvenor (Metallurgical Coal) of $0.4 billion, Dawson (Metallurgical Coal) of $0.2 billion, and Capcoal (Metallurgical Coal) of $0.2 billion, and that pre-tax impairment reversals should be recognised at Minas-Rio (Iron Ore Brazil) of $1.4 billion and El Soldado (Copper) of $0.1 billion. Management also recorded an impairment charge of $0.3 billion in respect of its investment in Cerrejón, based on estimated consideration for the sale of its interest to Glencore. Management recorded an additional charge in relation to the write-off of redundant assets at Copper Chile (Copper). Refer to notes 7 and 8 for management conclusions and the Audit Committee's views on page 129. At 31 December 2021, the Parent Company holds investments in subsidiaries amounting to $31,796 million (2020: $31,651 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 financial statements.	– assessing the reliability of management's forecast capital and operating expenses with reference to comparing budgeted results with actual performance in prior periods; – 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. 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. Specifically 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; – challenging and verifying 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; – verifying that costs and benefits of achieving the Group's emissions reduction ambitions and targets and the implementation of projects to mitigate physical climate risk were appropriately included in cash flow forecasts, where such costs and benefits have been incorporated into the approved life of mine plan; and – assessing whether the assumptions had been determined and applied on a consistent basis, where relevant, across the Group. 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 2021; 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 impairment assessment of intangible assets and property, plant and equipment is appropriate and that there are no indicators of impairment in respect of the carrying value of the Parent Company's investments in subsidiaries as at 31 December 2021.

Key audit matter	How our audit addressed the key audit matter
Provisions for environmental restoration and decommissioning (Group)	
The Group has provisions for environmental restoration and decommissioning of $2,556 million as at 31 December 2021 (2020: $2,953 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 environmental restoration and decommissioning obligations at each reporting period, using experts to provide support in its assessment where appropriate. This review incorporates the effects of any changes in local regulations, rehabilitation activities that have taken place during the year and management's anticipated approach to restoration and rehabilitation. Refer to note 15 for management's conclusions and the Audit Committee's views on page 130.	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. We read correspondence between management and management's experts, as well as with the mining regulatory body where applicable, and also held meetings with the experts to understand their methodology and inputs. For certain of the Group's environmental restoration and decommissioning provisions, particularly those where there had been a significant change in the provision compared to the prior year, we engaged our own internal experts to assess the work performed by management's expert, including review of any contingent liabilities, which are not provided for, and detection of any other excluded costs requiring recognition or disclosure that could be material. In assessing the appropriateness of cost estimates, we focused 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 as well as any risk adjustments included in the estimate. In respect of claims that have been made by regulatory authorities or government bodies regarding closure estimates, we met with legal counsel, where relevant, to assess the probable outcomes in relation to ongoing claims and exposure and areas where legal requirements are open to interpretation. We assessed the timing of the cash flows and 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 the procedures performed, we consider that the provisions related to environmental restoration and decommissioning obligations are consistent with the obligations associated with the operations and the related remediation plans to satisfy those obligations. Further, we consider the related disclosures in the financial statements to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Demerger of the Group's South African thermal coal operations (Group and Parent Company) The Group completed the demerger of its South African thermal coal operations on 4 June 2021. The demerger took place after a restructuring of the legal entities in South Africa such that a single legal entity, incorporated as Thungela Resources Limited ('Thungela'), held the assets and liabilities to be demerged with a fair value at $719 million as of the demerger date. As a distribution of non-cash assets to owners, the transaction required the Group to recognise the distribution at the fair value of the assets being distributed to shareholders at the date of demerger. Management determined the fair value of the return of capital based on a discounted cash flow model based on the underlying life of mine of the assets being demerged, as well as analyst consensus pricing assumptions. Refer to note 33 for management's conclusions and the Audit Committee's views on page 130. The transaction was executed by means of a simultaneous share premium reduction and in specie return of capital by the Parent Company.	We performed the following procedures in respect of the demerger: – Read the Thungela prospectus and associated legal documentation to understand the legal form and commercial substance of the transaction; – Confirmed that the transaction should be accounted for as a distribution of non-cash assets to owners, requiring that the fair value of Thungela at the date of demerger be estimated; – Assessed the fair value of Thungela by reference to the market capitalisation of the demerged entity both on initial listing subsequent to the demerger and during the period immediately following listing, and comparing it with the discounted cash flow model underpinning the valuation used by management; – Tested the carrying amount of material assets and liabilities divested by the Group immediately prior to demerger; – Assessed the tax implications of the transaction; – Recalculated the accounting entries, including the recycling of the translation reserve associated with the divested entity, and the loss on demerger; and – Assessed the related disclosures. In respect of the Parent Company, we also considered the appropriateness of the entries recorded to investment in subsidiaries and equity shareholders' funds. Based on the procedures performed, we consider that the accounting for the demerger of the Group's South African thermal coal operations is appropriate and the estimated fair value determined by management to be materially acceptable. We also consider the related disclosures in the financial statements to be appropriate.
Changes in the presentation of certain revenue streams from a gross to a net basis (Group) The Group has amended its accounting policy to present physically settled third party sales and purchase contracts on a net basis in the income statement when these contracts are accounted for as a derivative prior to settlement and the purpose of the transaction is to earn a trading margin in accordance with the Group's strategy. Judgement was applied to determine that the revised policy would provide more relevant information given the demerger of the Group's South African thermal coal business and associated increase in third party purchases and sales, and the continued growth of the Group's trading activities. Refer to note 7 for management's conclusions and the Audit Committee's views on page 130.	We evaluated and challenged the basis on which management introduced the change to their accounting policy and considered the appropriateness of their methodology. As a part of our detailed testing, we engaged internal technical experts to assist us with understanding whether the accounting treatment to present third party sales and purchase contracts net is appropriate. We also performed the following procedures: – Considered alternative views and benchmarked against industry peers, taking into account the maturity of the trading functions of the Group's immediate peers; – Understood the controls that management had implemented to ensure that the treatment was being applied to the correct transactions according to the purpose for that transaction; – Substantively tested the underlying transactions to verify that they had been classified appropriately; and – Assessed the disclosure of the accounting policy change, including the restatement of comparatives and whether it was appropriately disclosed in the current year. As a result of our work, we are satisfied that the presentation of physically settled third party sales and purchase contracts on a net basis in accordance with the Group's strategy is appropriate and the relevant disclosures including the restatement for the prior year recorded by management are 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 eight reportable segments – De Beers, Copper, Platinum Group Metals, Iron Ore, Metallurgical Coal, Nickel, Manganese and Crop Nutrients, as well as a Corporate function. Each segment is further divided into Businesses which align to discrete country or joint venture operations. We have identified each Business as a component, with each component representing a consolidation of a number of discrete country operations or underlying businesses.

The Group's accounting processes for managed operations 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 scoped in eleven components requiring an audit of their complete financial information, of which five were considered to be financially significant components. The additional six components subject to a complete audit were selected 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. In addition one component was scoped in for audit of specific account balances and one component was scoped in for specified procedures over significant balances and transactions 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 global pandemic, certain countries continue to be placed under restrictive government lockdowns for the duration of both our pre year-end and year end audit procedures, which impacted the way we conducted our work, with more procedures being performed remotely. In practice, this meant some component teams were able to attend client sites once rules 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 2021 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 workpapers and participation in audit clearance meetings. In most cases communication was performed through video conferencing.

Taken together, the components where we performed our audit work accounted for 97% of consolidated revenue, 95% of consolidated profit before tax and 95% 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.

The financial statements of the Parent Company are prepared using the same accounting processes as the Group's central functions and were audited by the Group audit team.

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:

	Financial statements – Group	Financial statements – Parent Company
Overall materiality	$300 million (2020: $200 million).	$300 million (2020: $80 million).
How we determined it	Approximately 3.0% of Group's three-year average consolidated profit before tax, special items and remeasurements	Approximately 1% of Parent Company's total assets
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. 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 used judgement to cap our materiality at $300 million.	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. In the prior year, materiality was capped based on an allocation of Group materiality to the Corporate component.

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.

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% (2020: 75%) of overall materiality, amounting to $225 million (2020: $150 million) for the Group financial statements and $225 million (2020: $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 $15 million (Group audit) (2020: $10 million) and $15 million (Parent Company audit) (2020: $10 million) 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 forecast and downside scenarios, including those that incorporate the unpredictability of the global pandemic on the Group's operations and the macroeconomic environment, 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 models, 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;
- 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 reviewing whether management's assessment supports ongoing compliance with those 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 directors' 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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 2021 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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 financial statements such as the Companies Act 2006 and applicable tax legislation in the jurisdictions in which the Group has material operations. 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:

- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- Inquiry of management, Internal Audit and the Group's legal advisors regarding their consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates, and assessing these judgements and estimates for management bias.

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.

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. The period of total uninterrupted engagement is two years, covering the years ended 31 December 2020 to 31 December 2021.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 February 2022

Consolidated income statement

for the year ended 31 December 2021

US$ million	Note	2021 Before special items and remeasurements	2021 Special items and remeasurements (note 8)	2021 Total	2020 (restated)[1] Before special items and remeasurements	2020 (restated)[1] Special items and remeasurements (note 8)	2020 (restated)[1] Total
Revenue	2	41,547	7	41,554	25,447	—	25,447
Operating costs		(24,454)	492	(23,962)	(18,760)	(1,056)	(19,816)
Operating profit	1, 2	17,093	499	17,592	6,687	(1,056)	5,631
Non-operating special items	8	—	(207)	(207)	—	513	513
Net income from associates and joint ventures	2, 13	460	174	634	180	(77)	103
Profit before net finance costs and tax		17,553	466	18,019	6,867	(620)	6,247
Investment income		139	—	139	115	—	115
Interest expense		(434)	(116)	(550)	(556)	(31)	(587)
Other net financing gains/(losses)		18	3	21	(334)	23	(311)
Net finance costs	4	(277)	(113)	(390)	(775)	(8)	(783)
Profit before tax		17,276	353	17,629	6,092	(628)	5,464
Income tax expense	5	(5,271)	(659)	(5,930)	(1,790)	(346)	(2,136)
Profit for the financial year		12,005	(306)	11,699	4,302	(974)	3,328
Attributable to:							
Non-controlling interests	25	3,080	57	3,137	1,167	72	1,239
Equity shareholders of the Company		8,925	(363)	8,562	3,135	(1,046)	2,089
Earnings per share (US$)							
Basic	3	7.22	(0.29)	6.93	2.53	(0.84)	1.69
Diluted	3	7.13	(0.29)	6.84	2.50	(0.83)	1.67

(1) The Group has changed its accounting policy to amend the presentation of third-party purchases and related commodity sales which are made by the Group's marketing business to earn a trading margin. These sales and purchases were previously shown on a gross basis and are now shown net within revenue from other sources. Revenue and operating costs have been restated accordingly but there was no impact on operating profit from this change in accounting policy for which the comparatives have been restated. See note 7 for further details.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

US$ million	2021	2020
Profit for the financial year	11,699	3,328
Items that will not be reclassified to the income statement (net of tax)[1]		
Remeasurement of net retirement benefit obligation	91	1
Net revaluation (loss)/gain on equity investments	(10)	62
Items that have been or may subsequently be reclassified to the income statement (net of tax)[1]		
Net exchange differences:		
Net loss (including associates and joint ventures)	(1,330)	(92)
Cumulative loss transferred to the income statement on disposal of foreign operations	363	4
Other comprehensive loss for the financial year (net of tax)	(886)	(25)
Total comprehensive income for the financial year (net of tax)	10,813	3,303
Attributable to:		
Non-controlling interests	2,870	1,204
Equity shareholders of the Company	7,943	2,099

(1) Tax amounts are shown in note 5C.

Consolidated balance sheet
as at 31 December 2021

US$ million	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets	10	3,002	3,103
Property, plant and equipment	11	39,501	36,419
Environmental rehabilitation trusts	15, 22	113	301
Investments in associates and joint ventures	13	1,021	1,258
Financial asset investments	14	340	371
Inventories	17	583	599
Trade and other receivables	18	870	987
Deferred tax assets	16	532	639
Derivative financial assets	22	256	637
Pension asset surplus and other non-current assets		794	725
Total non-current assets		47,012	45,039
Current assets			
Inventories	17	5,228	5,970
Trade and other receivables	18	4,309	3,886
Current tax assets		104	13
Derivative financial assets	22	187	105
Current financial asset investments	14	29	—
Cash and cash equivalents	20	9,066	7,521
Total current assets		18,923	17,495
Assets classified as held for sale	32	50	—
Total assets		65,985	62,534
LIABILITIES			
Current liabilities			
Trade and other payables	19	(7,930)	(6,692)
Short term borrowings	20, 21	(1,235)	(1,194)
Provisions for liabilities and charges	15	(579)	(595)
Current tax liabilities		(627)	(383)
Derivative financial liabilities	22	(212)	(214)
Total current liabilities		(10,583)	(9,078)
Non-current liabilities			
Trade and other payables	19	(318)	(321)
Medium and long term borrowings	20, 21	(11,621)	(12,317)
Royalty liability	22	(382)	(340)
Retirement benefit obligations	27	(502)	(643)
Deferred tax liabilities	16	(4,865)	(3,804)
Derivative financial liabilities	22	(317)	(192)
Provisions for liabilities and charges	15	(2,627)	(3,073)
Total non-current liabilities		(20,632)	(20,690)
Total liabilities		(31,215)	(29,768)
Net assets		34,770	32,766
EQUITY			
Called-up share capital	24	737	749
Share premium account	33	2,558	4,358
Own shares	24	(6,141)	(6,107)
Other reserves		(11,045)	(10,368)
Retained earnings		41,716	37,192
Equity attributable to equity shareholders of the Company		27,825	25,824
Non-controlling interests	25	6,945	6,942
Total equity		34,770	32,766

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 23 February 2022 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

Consolidated cash flow statement
for the year ended 31 December 2021

US$ million	Note	2021	2020
Cash flows from operating activities			
Profit before tax		17,629	5,464
Net finance costs including financing special items and remeasurements	4	390	783
Net income from associates and joint ventures	13	(634)	(103)
Non-operating special items	8	207	(513)
Operating profit	1	17,592	5,631
Revenue and operating special items and remeasurements	8	(499)	1,056
Cash element of special items		(18)	(107)
Depreciation and amortisation	1	2,715	2,597
Share-based payment charges		189	166
(Decrease)/increase in provisions and net retirement benefit obligations		(303)	126
Decrease/(increase) in inventories		328	(1,560)
Increase in operating receivables		(637)	(1,035)
Increase in operating payables		1,368	1,061
Other adjustments		(147)	63
Cash flows from operations		20,588	7,998
Dividends from associates and joint ventures	13	475	226
Dividends from financial asset investments		1	—
Income tax paid		(4,341)	(1,606)
Net cash inflows from operating activities		16,723	6,618
Cash flows from investing activities			
Expenditure on property, plant and equipment	12	(5,732)	(4,647)
Cash flows used in derivatives related to capital expenditure	12	(8)	(11)
Proceeds from disposal of property, plant and equipment	12	17	7
Investments in associates and joint ventures		(35)	(14)
Expenditure on intangible assets		(68)	(63)
Net redemption of financial asset investments held at amortised cost	14	29	67
Interest received and other investment income		87	84
Net cash outflow on acquisitions	33	—	(520)
Net cash inflow on disposals	33	63	384
Other investing activities		89	(27)
Net cash used in investing activities		(5,558)	(4,740)
Cash flows from financing activities			
Interest paid		(433)	(471)
Cash flows from/(used in) derivatives related to financing activities	20	95	(20)
Dividends paid to Company shareholders	6	(4,047)	(904)
Dividends paid to non-controlling interests	25	(2,838)	(668)
Proceeds from issuance of bonds		996	2,966
Proceeds from other borrowings		972	2,121
Capital repayment of lease obligations		(336)	(195)
Repayments of bonds and borrowings		(2,554)	(3,160)
Purchase of shares by Group companies		(1,084)	(385)
Other financing activities		(127)	—
Net cash used in financing activities		(9,356)	(716)
Net increase in cash and cash equivalents		1,809	1,162
Cash and cash equivalents at start of year	20	7,508	6,335
Cash movements in the year		1,809	1,162
Effects of changes in foreign exchange rates		(260)	11
Cash and cash equivalents at end of year	20	9,057	7,508

Consolidated statement of changes in equity

for the year ended 31 December 2021

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 2020	5,111	(6,195)	36,274	(10,965)	570	24,795	6,590	31,385
Profit for the year	—	—	2,089	—	—	2,089	1,239	3,328
Other comprehensive income/(loss)	—	—	—	(39)	49	10	(35)	(25)
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	—	—	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
Profit for the year	—	—	8,562	—	—	8,562	3,137	11,699
Other comprehensive income/(loss)	—	—	81	(692)	(8)	(619)	(267)	(886)
Dividends	—	—	(4,047)	—	—	(4,047)	(2,837)	(6,884)
Equity settled share-based payment schemes	—	(71)	(10)	—	15	(66)	3	(63)
Shares cancelled during the year	(12)	—	—	—	12	—	—	—
Share buyback	—	—	(1,000)	—	—	(1,000)	—	(1,000)
Change in ownership	—	—	(73)	—	—	(73)	89	16
In specie return of capital relating to Thungela demerger (note 33)	(1,800)	—	1,081	—	—	(719)	(106)	(825)
Other	—	37	(70)	—	(4)	(37)	(16)	(53)
At 31 December 2021	3,295	(6,141)	41,716	(11,696)	651	27,825	6,945	34,770

(1) Includes share capital and share premium.
(2) Own shares comprise shares of Anglo American plc held by the Company, its subsidiaries and employee benefit trusts (note 24).

Notes to the financial statements

Financial performance

Profit attributable to equity shareholders increased by 310% to $8,562 million and underlying earnings increased by 185% to $8,925 million.

Profit attributable to equity shareholders

$8.6 bn

(2020: $2.1 bn)

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.

1. Operating profit from subsidiaries and joint operations

Overview

US$ million	Note	2021	2020 restated[1]
Revenue before special items and remeasurements[1]		41,547	25,447
Operating costs:			
Employee costs	26	(3,603)	(3,180)
Depreciation of property, plant and equipment		(2,672)	(2,553)
Amortisation of intangible assets		(43)	(44)
Third-party commodity purchases[1]		(5,994)	(4,738)
Consumables, maintenance and production input costs		(6,011)	(4,023)
Logistics, marketing and selling costs		(2,945)	(2,475)
Royalties		(1,173)	(607)
Exploration and evaluation		(257)	(195)
Net foreign exchange (losses)/gains		(138)	37
Other operating income		292	363
Other operating expenses[1]		(1,910)	(1,345)
Operating profit before special items and remeasurements		17,093	6,687
Revenue special items and remeasurements	8	7	—
Operating special items and remeasurements	8	492	(1,056)
Operating profit		17,592	5,631

(1) Third-party trading amounts have been restated from a gross to a net presentation. See note 7 for further details.

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 (including associated employee costs) is presented in the table below.

Operating profit before special items and remeasurements is stated after (charging)/crediting:

US$ million	2021	2020
Exploration expenditure	(128)	(101)
Evaluation expenditure	(172)	(142)
Research and development expenditure	(144)	(123)
Provisional pricing adjustment[1]	815	829

(1) Third-party trading amounts restated from a gross to a net presentation. See note 7 for further details. In addition the presentation of certain iron ore provisional pricing adjustments has been corrected.

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.

The Group has reassessed its reportable segments following the demerger of Thungela (see note 33). The Thermal Coal (South Africa and Cerrejón) operating segment, which was previously aggregated with Metallurgical Coal within the 'Coal' reportable segment, has been presented within the 'Corporate and other' reportable segment as it is no longer part of the Group's core business due to the commitment to exit from the production of thermal coal. The results of the Group's metallurgical coal businesses are now disclosed separately as the 'Metallurgical Coal' reportable segment. Additionally, the 'Nickel and Manganese' reportable segment has been amended to disaggregate the Nickel and Manganese businesses. Comparative information has been restated to reflect the changes.

Shipping revenue related to shipments of the Group's products is shown within the relevant operating segment. Revenue from other shipping arrangements, primarily relating to third-party carriage services, is presented within the 'Corporate and other' segment, which also includes unallocated corporate costs, exploration costs and the results of the Group's Thermal Coal (South Africa and Cerrejón) operations. Revenue disclosed in relation to Cerrejón arose in advance of the sale agreement for the disposal on 28 June 2021 (see note 13).

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 270.

Segment results

							2021
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	5,602	1,100	(480)	620	(214)	(61)	345
Copper	6,433	4,011	(583)	3,428	(1,337)	(572)	1,519
Nickel	710	320	(59)	261	18	—	279
Platinum Group Metals	14,502	7,099	(346)	6,753	(1,919)	(1,045)	3,789
Iron Ore	11,104	6,871	(512)	6,359	(1,717)	(1,411)	3,231
Metallurgical Coal	2,899	962	(512)	450	(150)	—	300
Manganese	768	315	(65)	250	(116)	(2)	132
Crop Nutrients	114 (1)	(41)	(1)	(42)	3	—	(39)
Corporate and other	1,126	(3)	(286)	(289)	(351)	9	(631)
	43,258	20,634	(2,844)	17,790	(5,783) (2)	(3,082)	8,925
Less: associates and joint ventures[3]	(1,711)	(826)	129	(697)	235	2	(460)
Subsidiaries and joint operations	41,547	19,808	(2,715)	17,093	(5,548)	(3,080)	8,465
Reconciliation:							
Net income from associates and joint ventures				634			634
Special items and remeasurements	7			292			(537)
Revenue	41,554						
Profit before net finance costs and tax				18,019			
Profit attributable to equity shareholders of the Company							8,562

Financial performance

2. Financial performance by segment continued

US$ million	Group revenue	Underlying EBITDA	Depreciation and amortisation	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
	2020 (restated)[4]						
De Beers	3,378	417	(417)	—	(127)	25	(102)
Copper	4,199	1,864	(637)	1,227	(548)	(72)	607
Nickel	534	206	(127)	79	(2)	—	77
Platinum Group Metals	6,604	2,555	(285)	2,270	(914)	(288)	1,068
Iron Ore	7,905	4,565	(474)	4,091	(774)	(843)	2,474
Metallurgical Coal	1,909	50	(518)	(468)	106	—	(362)
Manganese	697	304	(59)	245	(120)	(3)	122
Crop Nutrients	107 [1]	1	—	1	(12)	—	(11)
Corporate and other	1,550	(160)	(235)	(395)	(354)	11	(738)
	26,883	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	25,447	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)
Revenue	25,447						
Profit before net finance costs and tax				6,247			
Profit attributable to equity shareholders of the Company							2,089

(1) Group revenue in respect of Crop Nutrients relates to revenue from its associate, The Cibra Group, a fertiliser distributor based in Brazil.
(2) Comprises net finance costs of $290 million (2020: $797 million) and income tax expense of $5,493 million (2020: $1,948 million).
(3) Income from the Cerrejón associate arising after the agreement of the disposal transaction in June 2021 has been classified as a special item and is therefore excluded from Corporate and other Group revenue, underlying EBITDA, underlying EBIT and underlying earnings. See notes 8 and 13 for further detail.
(4) Third-party trading amounts restated from a gross to a net presentation. See note 7 for further details.

The segment results are stated after elimination of inter-segment interest and dividends and include an allocation of corporate costs.

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; Metallurgical Coal: metallurgical coal; Nickel: nickel; Manganese: manganese ore. Revenue reported within Corporate and other revenue includes thermal coal revenue from the South African thermal coal operations prior to the demerger, the Group's share of thermal coal revenue from its associate Cerrejón up to 1 July 2021, after which, revenue is reported within special items, the margin from the Group's thermal coal marketing and trading activity and shipping revenue relating to carriage services provided to third parties. Other revenue principally relates to gold, iridium, ruthenium and molybdenum. 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 excluding special items and remeasurements. See note 13.

	2021			2020 (restated)[1]		
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	**5,590**	**12**	**5,602**	3,371	7	3,378
Copper	**5,751**	**365**	**6,116**	3,738	240	3,978
Platinum	**2,511**	**1**	**2,512**	1,066	2	1,068
Palladium	**3,854**	**6**	**3,860**	2,150	5	2,155
Rhodium	**6,328**	**49**	**6,377**	2,548	19	2,567
Iron ore	**9,838**	**215**	**10,053**	6,378	763	7,141
Metallurgical coal	**2,114**	**561**	**2,675**	1,496	280	1,776
Thermal coal[2]	**707**	**294**	**1,001**	1,204	278	1,482
Nickel	**1,187**	**3**	**1,190**	769	6	775
Manganese ore and alloys	**—**	**768**	**768**	—	697	697
Shipping	**1,378**	**—**	**1,378**	847	—	847
Other	**1,507**	**219**	**1,726**	824	195	1,019
	40,765	**2,493**	**43,258**	24,391	2,492	26,883
Reconciliation:						
Less: Revenue from associates and joint ventures	**—**	**(1,711)**	**(1,711)**	—	(1,436)	(1,436)
Special items and remeasurements	**—**	**7**	**7**	—	—	—
Revenue	**40,765**	**789**	**41,554**	24,391	1,056	25,447

(1) Third-party trading amounts restated from a gross to a net presentation, reducing revenue from contracts with customers by $5,497 million and increasing revenue from other sources by $42 million. See note 7 for further details. In addition, the presentation of certain iron ore provisional pricing adjustments has been corrected via the reclassification of $418 million from revenue from contracts with customers to revenue from other sources.
(2) Group revenue and income from the Cerrejón associate, arising after 28 June 2021, when the Group agreed the sale of its 33.3% shareholding, have been classified as a special item and are therefore excluded from Group revenue, underlying EBITDA, underlying EBIT and underlying earnings. See notes 8 and 13 for further details.

Financial performance

2. Financial performance by segment continued

Revenue from other sources for subsidiaries and joint operations of $789 million (2020 restated: $1,056 million) includes net fair value losses relating to derivatives of $64 million, net fair value gains relating to provisionally priced contracts of $846 million and revenue remeasurements of $7 million (2020 (restated see note 7): net fair value gains of $242 million, $814 million and nil respectively). Derivative net gains include both financial derivatives and the net margin arising on contracts for the physical sale and purchase of third-party material (third-party sales) where these contracts are accounted for as derivatives prior to settlement and are entered into to generate a trading margin.

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.

	2021		2020 (restated)[1]	
	US$ million	%	US$ million	%
China	11,248	26%	9,191	34%
India	2,274	5%	1,805	7%
Japan	6,169	14%	3,937	15%
Other Asia	7,539	17%	4,354	16%
South Africa	1,428	3%	539	2%
Other Africa	1,664	4%	890	3%
Brazil	728	2%	432	2%
Chile	712	2%	502	2%
Other South America	65	—	21	—
North America	1,872	4%	790	3%
Australia	44	—	12	—
United Kingdom[2]	3,144	7%	1,229	5%
Other Europe	6,371	16%	3,181	11%
	43,258	100%	26,883	100%

(1) Third-party trading amounts restated from a gross to a net presentation. See note 7 for further details.
(2) 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 270.

US$	2021	2020
Earnings per share		
Basic	6.93	1.69
Diluted	6.84	1.67
Underlying earnings per share		
Basic	7.22	2.53
Diluted	7.13	2.50
Headline earnings per share		
Basic	7.00	2.47
Diluted	6.92	2.44

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	
	2021	2020	2021	2020	2021	2020
Earnings (US$ million)						
Basic and diluted earnings	8,562	2,089	8,925	3,135	8,654	3,056
Weighted average number of shares (million)						
Basic number of ordinary shares outstanding	1,236	1,239	1,236	1,239	1,236	1,239
Effect of dilutive potential ordinary shares	15	14	15	14	15	14
Diluted number of ordinary shares outstanding	1,251	1,253	1,251	1,253	1,251	1,253

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 2020, principally due to the share buyback announced in July 2021. 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 2021 there were 19,953 (2020: 198,161) 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:

	2021		2020	
US$ million	Gross	Net	Gross	Net
Profit attributable to equity shareholders of the Company		8,562		2,089
Special items and remeasurements		363		1,046
Underlying earnings for the financial year		8,925		3,135
Revenue remeasurements	7	14	—	—
Operating special items – restructuring	—	—	(50)	(40)
Operating remeasurements	(106)	(111)	(56)	(71)
Non-operating special items – remeasurement of deferred consideration	453	306	509	348
Non-operating special items – disposals	(16)	(32)	—	—
Financing special items and remeasurements	(113)	(113)	(8)	(8)
Tax special items and remeasurements	—	(317)	—	(344)
Associates' and joint ventures' special items and remeasurements	—	(10)	—	—
Other reconciling items	10	(8)	72	36
Headline earnings for the financial year		8,654		3,056

The reconciling items above are shown gross and net of tax and non-controlling interests.

Other reconciling items principally relate to adjustments to former operations and disposals of property, plant and equipment (2020: relate to adjustments to former operations and disposals of property, plant and equipment and investments).

Financial performance

4. Net finance costs

Overview

US$ million	2021	2020
Investment income		
Interest income from cash and cash equivalents	79	56
Interest income from associates and joint ventures	7	10
Other interest income	42	34
Net interest income on defined benefit arrangements	10	15
Dividend income from financial asset investments	1	—
Investment income	139	115
Interest expense		
Interest and other finance expense	(497)	(561)
Lease liability interest expense	(40)	(32)
Net interest cost on defined benefit arrangements	(40)	(40)
Unwinding of discount relating to provisions and other liabilities	(64)	(93)
	(641)	(726)
Less: Interest expense capitalised	207	170
Interest expense before special items and remeasurements	(434)	(556)
Financing special items	(116)	(31)
Interest expense	(550)	(587)
Other net financing gains/(losses)		
Net foreign exchange gains/(losses)	167	(75)
Other net fair value losses	(149)	(259)
Other net financing gains/(losses) before special items and remeasurements	18	(334)
Financing remeasurements	3	23
Other net financing gains/(losses)	21	(311)
Net finance costs	(390)	(783)

Further information

Interest income recognised on financial assets at amortised cost is $83 million (2020: $58 million) and interest expense recognised on financial liabilities at amortised cost is $275 million (2020: $383 million).

Included in other net fair value losses is $142 million (2020: $257 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). Revaluation of deferred consideration balances are classified as special items and remeasurements only when the original gain or loss on disposal or acquisition has been classified as a special item.

5. Income tax expense

Overview

	2021		
	Profit before tax US$ million	Tax charge US$ million	Effective tax rate
Calculation of effective tax rate (statutory basis)	17,629	(5,930)	33.6%
Adjusted for:			
Special items and remeasurements	(353)	659	
Associates' and joint ventures' tax and non-controlling interests	224	(222)	
Calculation of underlying effective tax rate	17,500	(5,493)	31.4%

The underlying effective tax rate was 31.4% for the year ended 31 December 2021. This is higher than the underlying effective tax rate of 31.2% for the year ended 31 December 2020. The underlying effective tax rate in 2021 was mainly impacted by the relative level of profits arising in the Group's operating jurisdictions.

Financial performance

5. Income tax expense continued

Uncertainty and changes to tax regimes can materialise in any country in which we operate and the Group has no control over political acts, actions of regulators, or changes in local tax regimes. Global and local economic and social conditions can have a significant influence on governments' policy decisions and these have the potential to change tax and other political risks faced by the Group.

In line with our published Tax Strategy, the Group actively monitors tax developments at a national level, as well as global themes and international policy trends, on a continuous basis, and has active engagement strategies with governments, regulators and other stakeholders within the countries in which we operate, or plan to operate, as well as at an international level. This includes the OECD's implementation of its Digitalisation of the Economy Project which seeks to reallocate taxing rights for large profitable groups ('Pillar 1') and implement a minimum effective tax rate of 15% on profits of large multinational groups in each country in which they operate ('Pillar 2'). We are engaging with policymakers in efforts to ensure that the stated policy objectives are met and that the Group is well placed to comply when the rules are in force.

We assess portfolio capital investments against political risks and avoid or minimise exposure to jurisdictions with unacceptable risk levels.

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 270.

A. Analysis of charge for the year

US$ million	2021	2020
United Kingdom corporation tax	126	61
South Africa tax	2,795	1,249
Other overseas tax	1,605	572
Prior year adjustments	22	(28)
Current tax	4,548	1,854
Deferred tax	723	(64)
Income tax expense before special items and remeasurements	5,271	1,790
Special items and remeasurements tax	659	346
Income tax expense	5,930	2,136

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	2021	2020
Profit before tax	17,629	5,464
Less: Net income from associates and joint ventures	(634)	(103)
Profit before tax (excluding associates and joint ventures)	16,995	5,361
Tax calculated at United Kingdom corporation tax rate of 19.0% (2020: 19.0%)	3,229	1,019
Tax effects of:		
Items non-deductible/taxable for tax purposes	49	35
Temporary difference adjustments		
Current year losses not recognised	229	214
Recognition of losses and temporary differences not previously recognised	(22)	(4)
Utilisation of losses and temporary differences not previously recognised	(102)	(238)
Write-off of losses and temporary differences previously recognised	—	7
Other temporary differences	(7)	22
Functional currency remeasurements (note 8)	349	418
Special items and other remeasurements	276	33
Special items and remeasurements	625	451
Other adjustments		
Dividend withholding taxes	300	187
Effect of differences between local and United Kingdom tax rates	1,582	458
Prior year adjustments to current tax	22	(28)
Other adjustments	25	13
Income tax expense	5,930	2,136

Financial performance

5. Income tax expense continued

The special items and remeasurements reconciling charge of $625 million (2020: charge of $451 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 2021 is a credit of $31million (2020: charge of $45 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 2021 is a charge of $232 million (2020: $156 million). Excluding special items and remeasurements, this becomes a charge of $222 million (2020: $158 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 $66 million (2020: $26 million). In addition, there is a tax credit on the net revaluation credit on equity investments recognised directly in equity that will not subsequently be reclassified to the income statement of $6 million (2020: charge of $11 million).

D. Tax amounts recognised directly in equity

In 2021, deferred tax of $5 million (2020: $11 million) was credited directly to equity mainly in relation to movements in share-based payments and severance indemnity updates.

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

	2021	2020
Proposed final ordinary dividend per share (US cents)	118	72
Proposed final ordinary dividend (US$ million)	1,444	899
Proposed final special dividend per share (US cents)	50	—
Proposed final special dividend (US$ million)	612	—

These financial statements do not reflect the proposed final ordinary dividend or final special dividend as it is still subject to shareholder approval.

Dividends paid during the year are as follows:

US$ million	2021	2020
Final ordinary dividend for 2020 – 72 US cents per ordinary share (2019: 47 US cents per ordinary share)	907	557
Interim ordinary dividend for 2021 – 171 US cents per ordinary share (2020: 28 US cents per ordinary share)	2,140	347
Interim special dividend for 2021 – 80 US cents per ordinary share (2020: nil)	1,000	—
	4,047	904

As at the dividend record date, there are forecasted to be 1,223,693,614 (2020: 1,248,370,165) dividend bearing shares in issue.

Significant items

Special items and remeasurements are a net loss of $0.4 billion and include a $1.4 billion impairment reversal of Minas-Rio, offset with a $0.8 billion impairment of Metallurgical Coal assets, a loss on the South African coal operations demerger of $0.4 billion and tax remeasurements charge of $0.3 billion.

During 2021, 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
- accounting policy change for certain commodity trading transactions from a gross revenue presentation to a net basis
- change in accounting estimate of PGM inventories
- demerger of the Group's South African thermal coal assets.

Special items and remeasurements loss

$0.4 bn

(2020: $1.0 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 2021 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.

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, Capcoal, Moranbah-Grosvenor (Metallurgical Coal) and Barro Alto (Nickel). These assets have a combined carrying value of $10.3 billion within property, plant and equipment as at 31 December 2021, of which the most significant individual asset is Minas-Rio, which has a carrying value of $6.8 billion.

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.

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, 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 2021.

 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 various impacts for the Group. These include 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 such as the inability to obtain or sustain the level of water security needed to support operations (see principal risk 12 in respect of water, page 67). The Group has incorporated carbon pricing when preparing discounted cash flow valuations. Short term carbon prices are incorporated based on currently enacted legislation, and longer term carbon prices are based on the latest internal views, formed with reference to external forecasts. Separate carbon prices are used for developed and developing economies. These carbon prices are used both as an input into our commodity price forecasts and in our forecast carbon cost for each operation. Carbon costs are based on the forecast carbon price per tonne/CO_2e, multiplied by estimated Scope 1 and 2 emissions for the relevant operation.

 The cost and benefits of achieving the Group's emissions reduction ambitions and targets and the implementation of projects to mitigate physical climate risk are included when the Group has a high degree of confidence that a project is technically feasible and it is included in the Life of Mine Plan, which typically aligns with the related capital project being internally approved. This is consistent with the approach taken for other key assumptions such as the inclusion of Ore Reserves and Mineral Resources and forecasted operating costs and capital expenditures as outlined above.

 The Group has assessed the strategic and financial resilience of its portfolio under 1.5°C, 2°C and 3°C scenarios. Further disclosure about these scenarios, aligned to the Task Force on Climate-Related Financial Disclosures (TCFD) requirements, is provided in the Group's 2021 Climate Change Report. These specific scenarios are not used as an input to asset valuations for financial reporting purposes as no single scenario is representative of management's best estimate of the likely assumptions that would be used by a market participant when valuing the Group's assets. When constructing a scenario that assumes global temperature increases are contained to a certain level, many judgements and assumptions are needed, including in relation to the nature and speed of technological deployment and the evolution of public policy. Depending on the judgements and assumptions made there is therefore a wide range of possible transition impacts for each level of warming and scenarios may therefore not be comparable between companies.

 The Group has not yet performed a full assessment of the implications of any resilience scenario on asset valuations used for financial reporting purposes, although we would anticipate that prices for the majority of the Group's commodities would be higher than existing forecasts in the short and medium term under a 1.5°C or 2°C scenario, driven by growing investment in infrastructure associated with the transition to a low-carbon economy while carbon prices are also likely to be higher than existing forecasts. In the longer term the more rapid decarbonisation of the steel value chain under a 1.5°C or 2°C scenario through higher steel recycling rates and technological change would be expected to lead to lower benchmark prices for both iron ore and metallurgical coal, although we anticipate that for iron ore this may largely be offset by higher product premiums for the Group's high quality lump and pellet-feed products given these are particularly well-suited to less carbon intensive steelmaking technologies. The valuation of the Group's metallurgical coal assets is less sensitive to changes in the long-term price than other operations given the remaining asset lives.

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.

Minas-Rio (Iron Ore)
At 30 June 2021, based on improved market conditions in the short and medium term, the valuation of Minas-Rio was assessed and the previous impairments have been partially reversed to a recoverable amount of $7.1 billion, resulting in an impairment reversal of $1.4 billion ($0.9 billion after tax) when applying a discount rate of 7.3%. Another assessment was undertaken at 31 December 2021 as a result of changes in the production profile in the latest Life of Mine Plan but there was no resultant change necessary to the carrying value of the cash generating unit as the recoverable amount was materially consistent with the carrying value.

The latest valuation is inherently sensitive to changes in economic and operational assumptions. The model uses forecast iron ore prices that fall within the analyst range throughout the model. The long term price in the model from 2032 onwards falls within the second quartile of the analyst price range of $62/tonne to $70/tonne (Platts 62% CFR reference basis, 2021 real basis). In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions, including decreases in the long term iron ore price. If the long term price assumptions used in the model were changed by $5/tonne in each year, with all other assumptions remaining the same, this would change the valuation by $0.6 billion.

De Beers goodwill
The valuation of De Beers has been assessed as at 31 December 2021 and the recoverable amount was considered to exceed the carrying value by $1.8 billion. The valuation, based on discounted cash flows using a discount rate of 7.0%, is sensitive to input assumptions particularly in relation to the foreign exchange assumption for producer currencies against the USD (affecting the cost of production in USD terms) and the future price growth for diamonds. In addition, the valuation assumes that material contractual arrangements, including our relationship with the Government of the Republic of Botswana, continue without material amendment.

Significant items

7. Significant accounting matters continued

The foreign exchange assumption 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 depreciate by between 2% and 3% per annum against the USD compared to the FY21 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 USD 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 jewellery products such as those containing other precious stones or laboratory-grown diamonds. The Group has experienced a strong economic recovery from the Covid-19 pandemic in diamond jewellery consuming countries in 2021. External forecasts assume a return to pre-pandemic levels of growth from 2022 onwards with consumer demand recovering to the level seen in 2018 by the beginning of 2023. The real GDP growth assumption in USD terms is 3.0% over the next five years including 3.4% over the first three years 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 USD appreciation against the Indian Rupee of 0.3% and USD depreciation against the Chinese Renminbi, Japanese Yen and Euro of 0.3%, 1.7% and 1.1% respectively for the medium term compared to FY21 actual average rates. The consumer demand forecast has assumed that the laboratory-grown diamond jewellery sector will continue to grow as it builds from a relatively small base. However, the forecast is for the laboratory-grown diamond jewellery market size to stabilise by 2026. 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 USD against other consumer country currencies or an increase in substitution by laboratory-grown diamonds in certain categories 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 USD in conjunction with a 0.4 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 23% one-off appreciation of the USD against consumer countries' currencies or a reduction in long term real GDP growth assumptions by 0.4 percentage points, with other valuation assumptions remaining the same. Our assessment is that with other assumptions remaining the same, no reasonably possible change in global supply would result in the recoverable amount equating to the carrying amount.

Accounting policy change from a gross revenue presentation to a net basis

During the year the Group amended its accounting policy in respect of certain physically-settled contracts relating to the purchase and sale of material produced by third parties (third-party sales) and now presents the margin on these transactions on a net basis within revenue from other sources where the contracts form part of the Group's commodity trading activities. Judgement was applied to determine that the revised policy would provide more relevant information given the demerger of the Group's South African thermal coal business and the continued growth of the Group's trading activities.

Revenue and operating costs for the year ended 31 December 2021 are both $8.0 billion lower than would have been reported under the Group's previous accounting policy ($4.1 billion of which relates to copper, $1.8 billion relates to platinum group metals and $1.8 billion relates to thermal coal), with no impact on operating profit or reported cash flows. The prior period comparative has been restated for this change in accounting policy. Revenue and operating costs for the year ended 31 December 2020 have both reduced by $5.5 billion compared to the previously reported values, with no impact on operating profit or reported cash flows.

Change in accounting estimate for PGM inventories

Following the normalisation of the metal refining process at the Platinum Group Metals (PGM) business unit (after the temporary Anglo Converter Plant (ACP) shutdown in 2020) and a review of recent price trends, the PGM inventory valuation model has been reassessed and amended. The most significant amendment relates to the valuation of concentrate purchased from third parties. This material is now valued using a six-month rolling average cost, which is more closely aligned to the number of months stock on hand, including stock within the production process, than the twelve-month rolling average used in previous periods. The change in estimate had the effect of decreasing the value of inventory as disclosed in the financial statements at 31 December 2021 by $381 million with a corresponding increase in operating costs.

Thungela Disposal

On 4 June 2021, the Group completed the demerger of its South African thermal coal assets into a newly incorporated company, Thungela Resources Limited (Thungela), that on 7 June 2021 was admitted to trading on both the Johannesburg and London Stock Exchanges (JSE and LSE). As a level 3 fair value measurement at the date of the demerger, a discounted cash flow model was used to determine the fair value of the in specie return of capital and retained financial asset investment. The Group applied judgement to select appropriate inputs to this model, in particular with respect to the discount rate and forecast thermal coal prices. See note 33 for further details.

Recognition of deferred tax assets

As a result of both the partial utilisation of the asset, as well as the increase in the deferred tax liability relating to functional currency remeasurements, the net deferred tax asset recognised in Brazil in relation to the Minas-Rio iron ore mine at 31 December 2020, has become a net deferred tax liability at 31 December 2021. Accordingly, it is no longer considered to be a significant accounting matter for the Group.

Significant items

8. Special items and remeasurements

Overview

US$ million	2021 Before tax	2021 Tax	2021 Non-controlling interests	2021 Net	2020 Net
Revenue remeasurements	7	—	7	14	—
Impairment reversals	1,482	(502)	(21)	959	—
Impairments	(795)	238	—	(557)	(770)
Restructuring costs	—	—	—	—	(40)
Other operating special items	(89)	26	30	(33)	(112)
Operating remeasurements	(106)	(9)	4	(111)	(71)
Operating special items and remeasurements	492	(247)	13	258	(993)
Disposals of businesses and investments	(393)	(16)	—	(409)	(15)
Adjustments relating to business combinations	(45)	—	—	(45)	6
Adjustments relating to former operations	507	(76)	(80)	351	391
Other non-operating special items	(276)	—	—	(276)	(6)
Non-operating special items	(207)	(92)	(80)	(379)	376
Financing special items and remeasurements	(113)	—	—	(113)	(8)
Tax special items and remeasurements	—	(320)	3	(317)	(344)
Total	179	(659)	(57)	(537)	(969)
Associates' and joint ventures' special items and remeasurements				174	(77)
Total special items and remeasurements				(363)	(1,046)

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. The Group classifies subsequent adjustments to items classified as special items on initial recognition in subsequent periods as special items. 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 270.

- 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.

- Revenue remeasurements, presented within revenue from other sources, include unrealised gains and losses on derivatives relating to revenue.
- Operating remeasurements include unrealised gains and losses on derivatives relating to 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.

Significant items

8. Special items and remeasurements continued

Revenue remeasurements
The gain of $7 million ($14 million after tax and non-controlling interests) relates to remeasurements on derivatives presented in revenue from other sources.

Operating special items
Impairment reversals
Impairment reversals of $1,482 million ($959 million after tax and non-controlling interests) for the year ended 31 December 2021 comprise the reversals at Minas-Rio (Iron Ore) of $1,421million ($938 million after tax) and El Soldado (Copper) of $61 million ($21 million after tax and non-controlling interests).

Further information on significant accounting matters relating to impairments and impairment reversals is provided in note 7.

2020
There were no impairment reversals for the year ended 31 December 2020.

Impairments
Impairments of $795 million ($557 million after tax) for the year ended 31 December 2021 principally comprise impairments within Metallurgical Coal.

2020
Impairments of $770 million for the year ended 31 December 2020 principally comprise the impairment charges to operations at Barro Alto (Nickel) of $589 million and South African thermal coal (Corporate and other) of $119 million.

Restructuring costs
No restructuring costs were recognised within special items for the year ended 31 December 2021.

2020
Restructuring costs of $40 million for the year ended 31 December 2020 principally consisted of restructuring programmes in De Beers.

Other operating special items
The loss of $89 million ($33 million after tax and non-controlling interest) principally relates to the write-off of redundant waste dump infrastructure assets at Copper Chile (Copper).

2020
The net loss of $112 million after tax write-off related to lost equipment and longwall assets, which were assessed to have no future economic benefit following the incident at Grosvenor (Metallurgical Coal) and the write-off of other redundant assets.

Operating remeasurements
Operating remeasurements reflect a loss of $106 million ($111 million after tax and non-controlling interests) which principally relates to a $93 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 in 2012.

2020
Operating remeasurements reflected a net loss of $71 million which principally related to 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
The $393 million loss ($409 million after tax and non-controlling interests) relates to the demerger of the South African thermal coal operations, for further information please see note 33.

2020
The net loss principally relates to the equalisation of ownership across its integrated metallurgical coal operations at Moranbah and Grosvenor in Australia (Metallurgical Coal).

Adjustments relating to business combinations
The $45 million loss during the year ended 31 December 2021 relates to adjustments in respect of business combinations in prior years.

2020
The net $6 million gain during the year ended 31 December 2020 related to adjustments in respect of business combinations in prior years.

Adjustments relating to former operations
The net gain of $507 million ($351 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, and contingent consideration received in respect of disposal of Anglo American Norte (Copper) completed in 2015. For further detail with respect to contingent consideration balances, see note 22**.**

2020
The net gain of $391 million after tax and non-controlling interests related to adjustments in respect of disposals completed in prior years.

Other non-operating special items
On 28 June 2021, the Group announced that it had agreed the sale of its 33.3% shareholding in the Cerrejón associate to Glencore. As the associate's carrying value was higher than the estimated $294 million consideration due on completion, an impairment of $283 million has been recognised. This includes $184 million of the Group's share of net income that is immediately impaired (see below), and has been recorded to bring the associate's carrying value into line with its fair value less costs of disposal. The sale was completed on 11 January 2022. See note 32.

2020
There were no significant other non-operating special items during the year ended 31 December 2020.

Financing special items and remeasurements
Financing special items and remeasurements principally comprise a net fair value loss of $113 million (2020: $31 million) in respect of bond buybacks completed in the year.

Tax associated with special items and remeasurements
Tax associated with special items and remeasurements includes a tax remeasurement charge of $349 million principally arising on Brazilian deferred tax, a tax on special items charge of $339 million and tax special items credit of $29 million (2020: tax remeasurements of $418 million principally arising on Brazilian deferred tax and tax on special items credit of $72 million).

Of the total tax charge of $659 million (2020: $346 million), there is a net current tax charge of $24 million (2020: credit of $32 million) and a net deferred tax charge of $635 million (2020: $378 million).

Associates' and joint ventures' special items and remeasurements
Associates' and joint ventures' special items and remeasurements of $174 million in the year ended 31 December 2021 principally relates to $184 million income from the Cerrejón associate arising after the agreement of the transaction in June 2021 and immediately impaired to bring the carrying value of the investment in line with the expected disposal proceeds. See note 13.

2020
Associates' and joint ventures' special items and remeasurements of $77 million in the year ended 31 December 2020 principally related to impairment charges and restructuring costs in Manganese.

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 270.

Attributable ROCE increased to 43% in the year ended 31 December 2021 (2020: 17%). Average attributable capital employed has increased to $31.4 billion (2020: $30.5 billion), primarily due to increased growth capital expenditure, largely at Quellaveco and Crop Nutrients and increased stay-in-business expenditure, largely at Platinum Group Metals and Copper.

	Attributable ROCE %	
	2021	2020 (restated)[1]
De Beers	7	—
Copper	39	19
Nickel	21	5
Platinum Group Metals	140	48
Iron Ore	62	41
Metallurgical Coal	15	(15)
Manganese	104	78
Crop Nutrients	n/a	n/a
Corporate and other	n/a	n/a
	43	17

(1) Comparative totals remain unchanged from what was reported in 2020. Figures have been restated in line with the Group reassessment of its reportable segments, see note 2 for further details.

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 270.

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, vessel lease contracts that are priced with reference to a freight index, the debit valuation adjustment attributable to derivatives hedging net debt and financial asset investments.

	Capital employed	
US$ million	2021	2020 (restated)[1]
De Beers	8,415	8,967
Copper	11,232	9,128
Nickel	1,285	1,157
Platinum Group Metals	4,082	4,967
Iron Ore	8,379	8,472
Metallurgical Coal	2,712	3,196
Manganese	238	238
Crop Nutrients	1,563	988
Corporate and other	406	857
Capital employed	38,312	37,970
Reconciliation to Consolidated balance sheet:		
Net debt[2]	(3,842)	(5,530)
Variable vessel leases excluded from net debt (see note 20)	(74)	(45)
Debit valuation adjustment attributable to derivatives hedging net debt	5	—
Financial asset investments	369	371
Net assets	34,770	32,766

(1) Comparative totals for capital employed remain unchanged from what was reported in 2020. Figures have been restated in line with the Group reassessment of its reportable segments, see note 2 for further details.

(2) The Group has amended the definition of net debt during the year to exclude variable vessel leases.

Capital base

9. Capital by segment continued

Non-current assets by location

US$ million	Intangible assets, Property, plant and equipment 2021	2020	Total non-current assets 2021	2020
South Africa	9,711	10,271	10,185	10,744
Botswana	3,386	3,829	3,388	3,829
Other Africa	1,138	1,071	1,146	1,078
Brazil	7,502	6,018	8,059	6,516
Chile	6,745	6,402	6,821	6,552
Peru	6,691	4,712	6,931	4,997
Other South America	1	1	2	367
North America	621	649	621	649
Australia and Asia	3,048	3,807	3,547	4,171
United Kingdom[1]	3,561	2,656	3,729	2,799
Other Europe	99	106	101	110
Non-current assets by location	42,503	39,522	44,530	41,812
Unallocated assets			2,482	3,227
Total non-current assets			47,012	45,039

(1) 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	2021 Brands	2021 Contracts and other intangibles	2021 Goodwill	2021 Total	2020 Brands	2020 Contracts and other intangibles	2020 Goodwill	2020 Total
Net book value								
At 1 January	517	623	1,963	3,103	517	588	1,981	3,086
Acquired through business combinations	—	—	—	—	—	21	2	23
Additions	—	77	—	77	—	87	—	87
Amortisation charge for the year	—	(59)	—	(59)	—	(60)	—	(60)
Impairments	—	(2)	—	(2)	—	(8)	(2)	(10)
Disposals	—	(11)	(3)	(14)	—	—	—	—
Currency movements	—	(20)	(83)	(103)	—	(5)	(18)	(23)
At 31 December	517	608	1,877	3,002	517	623	1,963	3,103
Cost	517	1,077	1,948	3,542	517	1,143	2,034	3,694
Accumulated amortisation and impairment	—	(469)	(71)	(540)	—	(520)	(71)	(591)

Brands, contracts and other intangibles includes $924 million (2020: $979 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. At 31 December 2021, $517 million (2020: $517 million) of brands were held by the Group that have been assessed to have indefinite useful lives.

Further information

Goodwill relates to the following cash generating units (CGUs) or groups of CGUs:

US$ million	2021	2020
De Beers	1,535	1,619
Copper Chile	124	124
Platinum Group Metals	209	209
Other	9	11
	1,877	1,963

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.

							2021
	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	10,970	1,755	180	13,332	229	9,953	36,419
Additions	490	6	344	124	354	6,059	7,377
Depreciation charge for the year	(1,019)	(83)	(48)	(1,440)	(255)	—	(2,845)
Impairments	(293)	(29)	(6)	(312)	(1)	(168)	(809)
Impairments reversed	37	20	—	1,425	—	—	1,482
Disposals	(152)	(37)	(11)	(488)	(11)	(207)	(906)
Reclassifications	739	208	—	1,192	—	(2,139)	—
Currency movements	(653)	(64)	(5)	(243)	(4)	(248)	(1,217)
At 31 December	10,119	1,776	454	13,590	312	13,250	39,501
Cost	26,017	2,702	593	31,214	937	13,458	74,921
Accumulated depreciation and impairment	(15,898)	(926)	(139)	(17,624)	(625)	(208)	(35,420)

							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)

Additions include $207 million (2020: $170 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 $2,672 million (2020: $2,553 million) of depreciation within operating profit, $77 million (2020: $56 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 $96 million (2020: $64 million) of pre-commercial production depreciation on 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.

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 270.

Capital expenditure by segment

US$ million	2021	2020 (restated)[1]
De Beers	565	381
Copper	1,773	1,443
Nickel	29	33
Platinum Group Metals	894	571
Iron Ore	628	517
Metallurgical Coal	649	683
Crop Nutrients	530	292
Corporate and other	125	205
Capital expenditure	5,193	4,125
Reconciliation to Consolidated cash flow statement:		
Cash flows used in derivatives related to capital expenditure	(8)	(11)
Proceeds from disposal of property, plant and equipment	17	7
Direct funding for capital expenditure received from non-controlling interests	530	526
Expenditure on property, plant and equipment	5,732	4,647

[1] Comparative totals remain unchanged from what was reported in 2020. Figures have been restated in line with the Group reassessment of its reportable segments, see note 2 for further details.

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	2021	2020
Growth projects	1,752	1,438
Life-extension projects	474	296
Stay-in-business	2,068	1,566
Development and stripping	904	769
Proceeds from disposal of property, plant and equipment	(17)	(7)
Capitalised operating cash flows	12	63
	5,193	4,125

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.

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 (thermal coal production in the Corporate and other segment, disposed in January 2022) and Jellinbah (metallurgical coal production in the Metallurgical Coal segment) and the joint ventures Ferroport (port operations in the Iron Ore segment) and Samancor (manganese mining in the 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 270.

On 28 June 2021, the Group agreed the sale of its 33.3% shareholding in the Cerrejón associate to Glencore. The sale agreement had an economic effective date from 31 December 2020 and any dividends received after this date are deducted from the consideration due on completion. Economic benefits from 1 January 2021 onwards therefore did not accrue to the Group. Income from the associate arising after the agreement of the transaction in June 2021 has been classified as a special item and is therefore excluded from the Group revenue, underlying EBITDA and underlying EBIT APMs disclosed in the tables below. An impairment charge has been recognised within non-operating special items to bring the carrying value of the investment in line with the expected disposal proceeds and the Group's post-disposal share of earnings. The Cerrejón associate met the criteria to be classified as held for sale on 23 December 2021, and the investment value of $50 million was transferred to assets held for sale, see note 32 for further details.

On 20 December 2021, Anglo American Platinum announced the sale of its 49% interest in Bokoni. The transaction is subject to the fulfilment or waiver of notable conditions precedent and therefore does not meet the criteria to be classified as held for sale at 31 December 2021.

			2021			2020
US$ million	Associates	Joint ventures	Total	Associates	Joint ventures	Total
At 1 January	733	525	1,258	766	567	1,333
Acquired through business combinations	—	—	—	20	—	20
Net income from associates and joint ventures	389	245	634	(17)	120	103
Dividends received	(342)	(133)	(475)	(64)	(162)	(226)
Investments in equity and capitalised loans	11	24	35	8	6	14
Impairments	(283)	—	(283)	(4)	—	(4)
Disposals	(4)	(12)	(16)	—	(13)	(13)
Transfer to assets held for sale	(50)	—	(50)	—	—	—
Other movements	(48)	(16)	(64)	—	42	42
Currency movements	(18)	—	(18)	24	(35)	(11)
At 31 December	388	633	1,021	733	525	1,258

Further information

The Group's total investments in associates and joint ventures include long term loans of $145 million (2020: $202 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	2021	2020
Group revenue	1,711	1,436
Operating costs (before special items and remeasurements)	(1,014)	(1,073)
Associates' and joint ventures' underlying EBIT	697	363
Net finance costs	(13)	(22)
Income tax expense	(222)	(158)
Non-controlling interests	(2)	(3)
Net income from associates and joint ventures (before special items and remeasurements)	460	180
Special items and remeasurements	184	(79)
Special items and remeasurements tax	(10)	2
Net income from associates and joint ventures	634	103

Group revenue and net income from the Cerrejón associate, arising after 28 June 2021, when the Group agreed the sale of its 33.3% shareholding, have been classified as special items and are therefore excluded from Group revenue, underlying EBITDA, underlying EBIT and underlying earnings. See note 8 for further detail.

Balance sheet

US$ million	Associates	Joint ventures	Total
Non-current assets	304	977	1,281
Current assets	380	334	714
Current liabilities	(143)	(212)	(355)
Non-current liabilities	(153)	(466)	(619)
Net assets as at 31 December 2021	388	633	1,021
Net assets as at 31 December 2020	733	525	1,258

Capital base

13. Investments in associates and joint ventures continued

Further information

The Group's share of the results of the associates and joint ventures is as follows:

US$ million	Group revenue	Underlying EBITDA	Underlying EBIT	Share of net income	Dividends received
					2021
Samancor	**768**	**315**	**250**	**132**	**125**
Cerrejón[1]	**219**	**87**	**43**	**203**	**240**
Jellinbah	**514**	**279**	**265**	**183**	**97**
Ferroport	**85**	**69**	**62**	**41**	**—**
Other	**125**	**76**	**77**	**75**	**13**
	1,711	**826**	**697**	**634**	**475**

US$ million	Group 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	Aggregate investment 2021	Aggregate investment 2020
Samancor	**233**	230
Cerrejón[1]	**—**	400
Jellinbah	**340**	271
Ferroport	**265**	229
Other	**183**	128
	1,021	1,258

[1] As at 31 December 2021 Cerrejón investment in associate assets of $50 million was classified as held for sale. Income from the Cerrejón associate arising after the sale agreement dated in June 2021 has been classified as a special item and is therefore excluded from Group revenue, underlying EBITDA, underlying EBIT and underlying earnings. See notes 8 and 32 for further detail.

Accounting judgements

Impairment

No indicators of impairment were identified for the Group's investments in associates and joint ventures with the exception of the Cerrejón associate, which was impaired during the year (see note 8).

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.

	2021				2020			
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	207	33	131	371	373	3	58	434
Additions	—	13	25	38	—	—	3	3
Interest receivable	3	—	—	3	7	—	—	7
Net loans (repaid)/advanced	(56)	27	—	(29)	(67)	—	—	(67)
Disposals	(10)	(14)	(2)	(26)	—	—	(9)	(9)
Impairments	(12)	—	—	(12)	(20)	—	—	(20)
Fair value and other movements	—	3	35	38	(23)	28	77	82
Currency movements	(5)	(2)	(7)	(14)	(63)	2	2	(59)
At 31 December	127	60	182	369	207	33	131	371
Current	—	29	—	29	—	—	—	—
Non-current	127	31	182	340	207	33	131	371

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	(1,990)	(963)	(170)	(19)	(266)	(37)	(223)	(3,668)
Credited/(charged) to the income statement	29	3	(50)	—	(52)	(6)	(35)	(111)
Capitalised	(238)	(83)	—	—	(6)	—	(59)	(386)
Unwinding of discount	(43)	(20)	(1)	(1)	—	—	—	(65)
Amounts applied	76	21	44	4	44	23	55	267
Unused amounts reversed	16	41	3	4	10	1	24	99
Disposals	399	62	—	—	—	4	23	488
Currency movements	106	28	11	1	15	1	8	170
At 31 December	(1,645)	(911)	(163)	(11)	(255)	(14)	(207)	(3,206)
Current	(106)	(61)	(148)	(4)	(57)	(14)	(189)	(579)
Non-current	(1,539)	(850)	(15)	(7)	(198)	—	(18)	(2,627)

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 20 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 2021, 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% (2020: 0.0%-0.1%); South African rand: 3.7%-4.3% (2020: 4.3%-4.9%); Australian dollar: 0.0%-0.2% (2020: 0.0%-0.3%); Chilean peso: 2.1%-3.0% (2020: 0.0%-1.4%); and Brazilian real: 5.0%-5.5% (2020: 3.4%-4.4%).

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.

Capital base

15. Provisions for liabilities and charges continued

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 four years.

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	2021	2020
Equity	66	92
Bonds	12	152
Cash and cash equivalents	35	57
	113	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 10.0% (2020: 8.0%) for an average period of seven years (2020: five years).

These funds are not available for the general purposes of the Group (see note 22). All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions as 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	2021	2020
At 1 January	(3,165)	(2,865)
Acquired through business combinations	—	(8)
Charged to the income statement	(1,358)	(314)
Charged to equity	(55)	(26)
Disposal of business	80	—
Currency movements	165	48
At 31 December	(4,333)	(3,165)

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 closing deferred tax balances before this offset are as follows:

US$ million	2021	2020
Deferred tax assets before offset		
Tax losses	789	903
Post employment benefits	—	25
Share-based payments	13	17
Enhanced tax depreciation	—	288
Depreciation in excess of capital allowances	166	715
Other temporary differences	744	985
	1,712	2,933
Deferred tax liabilities before offset		
Capital allowances in excess of depreciation	(3,625)	(3,710)
Fair value adjustments	(682)	(724)
Withholding tax	(92)	(131)
Other temporary differences	(1,646)	(1,533)
	(6,045)	(6,098)

The closing deferred tax balances after offset are as follows:

US$ million	2021	2020
Deferred tax assets	532	639
Deferred tax liabilities	(4,865)	(3,804)
	(4,333)	(3,165)

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	2021	2020
Capital allowances in excess of depreciation	(144)	(292)
Fair value adjustments	(25)	(14)
Tax losses	(267)	303
Provisions	(179)	68
Other temporary differences	(743)	(379)
	(1,358)	(314)

Deferred tax charged to the income statement includes a charge of $349 million (2020: $418 million) relating to deferred tax remeasurements and a charge of $286 million (2020: credit $40 million) relating to deferred tax on special items.

Deferred tax assets are recognised to the extent that the business has forecast taxable profits against which the assets can be recovered.

A net deferred tax liability of $701 million (2020: net deferred tax asset of $380 million) is recognised in Brazil in relation to the Minas-Rio iron ore and Barro Alto nickel mines. This relates primarily to functional currency taxable temporary differences, and is partially offset by tax losses, deductible goodwill and fixed asset temporary differences.

The Group has the following temporary differences for which no deferred tax assets have been recognised:

	2021				2020			
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	14	—	155	169	2	—	113	115
Greater than five years	200	—	—	200	103	—	—	103
No expiry date	5,599	2,304	3,869	11,772	5,423	2,124	4,145	11,692
	5,813	2,304	4,024	12,141	5,528	2,124	4,258	11,910

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 $20,030 million (2020: $18,605 million).

Capital base

16. Deferred tax continued

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.

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	2021	2020
Inventories	5,811	6,569
Trade and other receivables	5,179	4,873
Trade and other payables	(8,248)	(7,013)
	2,742	4,429

Net working capital decreased in 2021 led by an increase in accruals, and operating payables due to higher metals prices which increased the value of deferred income relating to future deliveries. This was offset by higher operating receivables as a result of higher base metals prices. The decrease in inventory was principally as a result of a change in accounting estimate which decreased the value of work in progress.

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).

	2021			2020		
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	729	—	729	810	—	810
Work in progress	2,209	571	2,780	2,948	599	3,547
Finished products	2,290	12	2,302	2,212	—	2,212
	5,228	583	5,811	5,970	599	6,569

Further information

The cost of inventories recognised as an expense and included in operating costs amounted to $16,937 million (2020 (restated as a result of the accounting policy change from a gross revenue presentation to a net basis (see note 7)): $12,673 million). The write-down of inventories to net realisable value (net of revaluation of provisionally priced purchases) amounted to $54 million (2020: $360 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. During the year the Group has amended the classification of iridium and ruthenium from waste products to by-products and reassessed the PGM inventory valuation model (see note 39A and note 7 for further information).

Accounting policy

See note 39E for the Group's accounting policy on inventories.

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.

			2021			2020
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	2,322	49	2,371	1,984	42	2,026
Tax receivables	524	363	887	609	351	960
Accrued income	252	—	252	133	—	133
Prepayments	430	52	482	438	70	508
Contract assets	58	—	58	126	—	126
Other receivables	723	406	1,129	596	524	1,120
	4,309	870	5,179	3,886	987	4,873

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, credit profiles 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 Consolidated balance sheet.

Of the year end trade receivables balance, $33 million (2020: $54 million) were past due, stated after an associated impairment provision of $23 million (2020: $18 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 was incomplete as at 31 December 2020 was recognised during the year. Other payables include deferred consideration in respect of business combinations and dividends payable to non-controlling interests. The share buyback liability represents amounts not yet utilised from the $1 billion share buyback programme announced on 29 July 2021.

US$ million	2021	2020
Trade payables	2,914	2,974
Accruals	2,331	1,714
Contract liabilities and deferred income	1,753	1,400
Tax and social security	120	116
Other payables	944	809
Share buyback liability	186	—
	8,248	7,013

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. $318 million (2020: $321 million) of trade and other payables are included within non-current liabilities.

Contract liabilities and deferred income include $1,645 million (2020: $1,263 million) for payments received in advance for metal which is expected to be delivered within six months and $86 million (2020: $115 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 decreased from $5.5 billion to $3.8 billion during the year, driven by strong operating cash flows of $20.6 billion. Gearing has decreased from 14% at 31 December 2020 to 10% at 31 December 2021.

US$ million	2021	2020 (restated)
Net assets	34,770	32,766
Net debt including related derivatives (note 20)[1]	3,842	5,530
Variable vessel leases	74	45
Total capital	38,686	38,341
Gearing	10%	14%

Net debt is calculated as total borrowings excluding variable vessel lease contracts that are priced with reference to a freight index, 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 and variable vessel leases.

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 270.

The Group has amended its definition of net debt to exclude all variable vessel lease contracts that are priced with reference to a freight index. These liabilities have been excluded as they are required to be remeasured at each reporting date to the latest spot freight rate, which generates significant short term volatility in reported values and means that the carrying value of the lease liability is not necessarily consistent with the average lease payments which are expected to be made over the lease term.

Movement in net debt

US$ million	Short term borrowings	Medium and long term borrowings	Total financing activity liabilities	Removal of variable vessel leases	Cash and cash equivalents	Derivatives hedging net debt	Net debt including derivatives (restated)[1]
At 1 January 2020	(978)	(9,744)	(10,722)	91	6,335	(239)	(4,535)
Acquired through business combinations	(5)	(253)	(258)	—	—	—	(258)
Cash flow	1,487	(2,748)	(1,261)	(51)	1,162	20	(130)
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)	5	—	—	(102)
Currency movements	(74)	(331)	(405)	—	11	—	(394)
At 31 December 2020	(1,181)	(12,317)	(13,498)	45	7,508	415	(5,530)
Cash flow	1,585	(230)	1,355	(168)	1,809	(95)	2,901
Interest accrued on borrowings	(419)	(75)	(494)	—	—	—	(494)
Reclassifications	(963)	963	—	—	—	—	—
Movement in fair value	(4)	355	351	—	—	(466)	(115)
Other movements	(274)	(536)	(810)	197	—	20	(593)
Currency movements	30	219	249	—	(260)	—	(11)
At 31 December 2021	(1,226)	(11,621)	(12,847)	74	9,057	(126)	(3,842)

(1) The Group has amended the definition of net debt during the year to exclude variable vessel leases.

Other movements include $705 million relating to leases entered into in the year ended 31 December 2021 (2020: $227 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	**2021**	2020	**2021**	2020	**2021**	2020
Balance sheet	**9,066**	7,521	**(1,235)**	(1,194)	**(11,621)**	(12,317)
Bank overdrafts	**(9)**	(13)	**9**	13	**—**	—
Net cash/(debt) classifications	**9,057**	7,508	**(1,226)**	(1,181)	**(11,621)**	(12,317)

Other

The debit valuation adjustments of $5 million (2020: nil) 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 $713 million (2020: $357 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 and under the Euro Medium Term Note (EMTN) programme. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are exposed to floating rate US dollar interest rates.

In March 2021, the Group issued $500 million 2.250% Senior Notes due 2028 and $500 million 2.875% Senior Notes due 2031 as part of its routine financing activities.

In April 2021, following the maturity of the last outstanding notes, the Group discontinued its South African Domestic Medium Term Note (DMTN) programme.

In June 2021, the Group bought back US dollar denominated bonds with maturities in 2025. The Group used $1.0 billion of cash to retire $0.9 billion of contractual repayment obligations (including derivatives hedging the bonds) maturing in 2025 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 2021 and 31 December 2020, the following bonds were retained as fixed rate exposures; $193 million 5.375% due April 2025, $99 million 5% due May 2027, $750 million 5.625% due April 2030, and $500 million 3.95% due September 2050. All other bonds at 31 December 2021 and 31 December 2020 were swapped to floating rate exposures.

Further information

				2021				2020
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	22	89	111	111	25	33	58	58
Leases	207	668	875	875	179	364	543	543
Other loans	2	—	2	2	—	—	—	—
	231	757	988	988	204	397	601	601
Unsecured								
Bank loans and overdrafts	—	180	180	180	252	553	805	805
Bonds issued under EMTN programme								
2.5% €241m bond due April 2021	—	—	—	—	298	—	298	313
3.5% €433m bond due March 2022	495	—	495	572	—	553	553	572
3.25% €750m bond due April 2023	—	871	871	1,033	—	964	964	1,033
1.625% €600m bond due September 2025	—	695	695	714	—	771	771	714
1.625% €500m bond due March 2026	—	573	573	566	—	635	635	566
3.375% £300m bond due March 2029	—	407	407	395	—	438	438	395
US bonds								
4.125% $193m bond due April 2021	—	—	—	—	193	—	193	193
4.125% $360m bond due September 2022	363	—	363	360	—	369	369	360
3.625% $650m bond due September 2024	—	664	664	650	—	687	687	650
5.375% $193m bond due April 2025[(1)]	—	192	192	193	—	748	748	750
4.875% $339m bond due May 2025[(1)]	—	348	348	339	—	698	698	650
4.75% $700m bond due April 2027	—	732	732	700	—	774	774	700
5% $99m bond due May 2027[(2)]	—	113	113	159	—	107	107	159
4% $650m bond due September 2027	—	673	673	650	—	712	712	650
2.25% $500m bond due March 2028	—	491	491	500	—	—	—	—
4.5% $650m bond due March 2028	—	702	702	650	—	746	746	650
5.625% $750m bond due April 2030	—	744	744	750	—	743	743	750
2.625% $1bn bond due September 2030	—	919	919	1,000	—	957	957	1,000
2.875% $500m bond due March 2031	—	499	499	500	—	—	—	—
3.95% $500m bond due September 2050	—	490	490	500	—	498	498	500
Bonds issued under DMTN programme								
9.49% R650m bond due April 2021	—	—	—	—	45	—	45	44
JIBAR+1.47% R400m bond due April 2021	—	—	—	—	27	—	27	27
Mitsubishi facility	—	1,571	1,571	1,571	—	967	967	967
Interest payable and other loans	146	—	146	146	175	—	175	175
	1,004	10,864	11,868	12,128	990	11,920	12,910	12,623
Total borrowings	1,235	11,621	12,856	13,116	1,194	12,317	13,511	13,224

(1) Outstanding value of bond shown subsequent to bond buyback transactions completed in June 2021.
(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.

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
						2021
Financial assets						
Trade and other receivables	2,565	1,200	—	—	—	3,765
Derivative financial assets	176	—	—	267	—	443
Cash and cash equivalents	6,805	2,261	—	—	—	9,066
Financial asset investments	60	127	182	—	—	369
Environmental rehabilitation trusts[1]	110	3	—	—	—	113
	9,716	3,591	182	267	—	13,756
Financial liabilities						
Trade and other payables	(1,104)	—	—	—	(5,271)	(6,375)
Derivative financial liabilities	(452)	—	—	(77)	—	(529)
Royalty liability	—	—	—	—	(382)	(382)
Borrowings	—	—	—	(8,542)	(4,314)	(12,856)
	(1,556)	—	—	(8,619)	(9,967)	(20,142)
Net financial assets/(liabilities)	8,160	3,591	182	(8,352)	(9,967)	(6,386)

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
						2020
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
Environmental rehabilitation trusts[1]	284	17	—	—	—	301
	9,001	2,530	131	567	—	12,229
Financial liabilities						
Trade and other payables	(723)	—	—	—	(4,774)	(5,497)
Derivative financial liabilities	(380)	—	—	(26)	—	(406)
Royalty liability	—	—	—	—	(340)	(340)
Borrowings	—	—	—	(8,953)	(4,558)	(13,511)
	(1,103)	—	—	(8,979)	(9,672)	(19,754)
Net financial assets/(liabilities)	7,898	2,530	131	(8,412)	(9,672)	(7,525)

[1] 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 as per note 15.

The Group's cash and cash equivalents at 31 December 2021 include $6,805 million (2020: $6,336 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.

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:

				2021				2020
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	—	1,786	—	1,786	—	1,547	—	1,547
Other receivables	—	—	779	779	—	—	626	626
Derivatives hedging net debt	—	12	—	12	—	79	—	79
Other derivatives	—	164	—	164	8	88	—	96
Cash and cash equivalents	6,805	—	—	6,805	6,336	—	—	6,336
Financial asset investments	—	56	4	60	—	31	2	33
Environmental rehabilitation trusts[(1)]	—	110	—	110	198	86	—	284
Designated into hedges								
Derivatives hedging net debt	—	267	—	267	—	567	—	567
At fair value through other comprehensive income								
Financial asset investments	135	—	47	182	108	—	23	131
	6,940	2,395	830	10,165	6,650	2,398	651	9,699
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	—	(640)	—	(640)	—	(288)	—	(288)
Other payables	—	—	(464)	(464)	—	—	(435)	(435)
Derivatives hedging net debt	—	(328)	—	(328)	—	(205)	—	(205)
Other derivatives	—	(129)	—	(129)	(1)	(174)	—	(175)
Debit valuation adjustment to derivative liabilities	—	5	—	5	—	—	—	—
Designated into hedges								
Derivatives hedging net debt	—	(77)	—	(77)	—	(26)	—	(26)
	—	(1,169)	(464)	(1,633)	(1)	(693)	(435)	(1,129)
Net assets carried at fair value	6,940	1,226	366	8,532	6,649	1,705	216	8,570

(1) 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 as per note 15.

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	2021	2020	2021	2020
At 1 January	651	369	(435)	(178)
Net profit/(loss) recorded in the income statement	439	492	(174)	(271)
Net profit recorded in the statement of comprehensive income	1	5	—	—
Reclassification to/(from) level 3 financial assets	44	(26)	—	—
Settlements and disposals	(239)	(207)	116	36
Currency movements	(66)	18	29	(22)
At 31 December	830	651	(464)	(435)

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 $510 million (2020: $474 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 discount rate used in the calculation is 9.54% (2020: 8.49%). The movement for the current period relates to changes in the forecast cash flows driven by fluctuations in PGM prices and in the ZAR:USD exchange rate.

Union Mine (Platinum Group Metals)

Deferred consideration of $214 million (2020: $120 million) is calculated as 35% of the positive distributable free cash flows generated by Union Mine over an eleven year period from inception in February 2018. If the cumulative deferred consideration is negative at the end of the eleven year period, Anglo American Platinum will be obligated to repay Siyanda Resources Proprietary Limited the cumulative deferred consideration received. Based on forecasts the cumulative deferred consideration is positive. The discount rate used in the calculation is 15.88% (2020: 15.16%). The movement for the period relates to increases in PGM prices and fluctuations in the ZAR:USD exchange rate.

Mototolo Mine (Platinum Group Metals)

Deferred consideration of $342 million (2020: $357 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 $1.4 billion. The discount rate used in the calculation is 7.98% (2020: 6.70%). The movement for the period relates to increases in PGM prices and fluctuations in the ZAR:USD exchange rate and has been recognised within finance costs due to the linkage to price rather than operational performance of the mine. Movements in the consideration payable have not been recognised as a special item as the income statement impact of the initial transaction was below the Group threshold for special item classification.

US$ million	2021	2020
Deferred consideration/financial assets		
Rustenburg deferred consideration		
10% change in exchange rates		
Reduction in profit or loss	38	71
Increase to profit or loss	38	71
10% change in PGM prices		
Reduction in profit or loss	36	71
Increase to profit or loss	36	71
Union Mine deferred consideration		
10% change in exchange rates		
Reduction in profit or loss	4	46
Increase to profit or loss	4	51
10% change in PGM prices		
Reduction in profit or loss	4	46
Increase to profit or loss	4	51
Deferred consideration/financial liabilities		
Mototolo deferred consideration		
10% change in PGM prices		
Reduction in profit or loss	34	45
Increase to profit or loss	34	45
10% change in exchange rates		
Reduction in profit or loss	34	45
Increase to profit or loss	34	45

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 $8,820 million (2020: $9,340 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 $1,571 million (2020: $2,150 million) and the fair value is $1,812 million (2020: $2,606 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.

Net debt and financial risk management

22. Financial instruments and derivatives continued

At 31 December 2021, 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 $10 million (2020: $16 million) were offset against those in an asset position totalling $321 million (2020: $665 million). The net asset position of $311 million (2020: $649 million) is presented within derivative assets (2020: 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 an asset position totalling $234 million (2020: $210 million liability position) would be offset against those in a liability position totalling $410 million (2020: $645 million asset 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.

Royalty liability

The Hancock royalty liability and related embedded derivative were recognised when the Group acquired the Woodsmith project in 2020. 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 calculated as the value of all differences in expected royalty payments at the period end date compared to expected royalty payments on initial recognition of the liability, discounted using the effective interest rate of the host liability. At 31 December 2021, the embedded derivative has a negligible value. The embedded derivative has been designated in a cashflow hedge with the future revenue transactions. In subsequent periods any fair value gains or losses on the derivative will be presented within other comprehensive income and accumulate in the cashflow hedge reserve before being recycled to the income statement as revenue is recognised.

The royalty liability does not form part of borrowings 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 Anglo American Woodsmith Limited's insolvency).

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 2021, this adjustment was to increase the carrying value of borrowings by $106 million (2020: $458 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 gain on fair value hedged items of $351 million (2020: $194 million loss), offset by a loss on fair value hedging instruments of $357 million (2020: $188 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 loss of $196 million in respect of these cross currency swaps has been recognised in the Consolidated income statement (2020: gain of $462 million) and is presented within financing remeasurements net of foreign exchange gains on the related borrowings of $202 million (2020: $435 million loss). 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.

Net debt and financial risk management

22. Financial instruments and derivatives continued

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			
	2021		2020		2021		2020	
US$ million	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Derivatives hedging net debt								
Fair value hedge								
Interest rate swaps	23	—	9	—	244	(77)	558	(26)
Held for trading								
Forward foreign currency contracts	—	—	—	(20)	—	—	—	—
Cross currency swaps	—	(88)	—	(19)	12	(240)	79	(166)
Debit valuation adjustment to derivative liabilities	—	5	—	—	—	—	—	—
	23	(83)	9	(39)	256	(317)	637	(192)
Other derivatives	164	(129)	96	(175)	—	—	—	—
Total derivatives	187	(212)	105	(214)	256	(317)	637	(192)

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.

Interest Benchmark Reform

Benchmark transition progress

The Group has continued its transition to alternative interest risk-free rates in the year as a result of interest rate benchmark reform. Further details of the Group's transition is included in note 39F. At 31 December 2021, the Group held the below financial instruments which have not been transitioned to alternative risk-free benchmarks:

	2021	
	USD LIBOR	
US$ million	Carrying value	Not presently transitioned to alternative risk-free rate
Financial assets		
Derivative financial assets	176	176
Financial liabilities		
Derivative financial liabilities	(400)	(400)
Borrowings	(1,723)	(1,723)
Total assets and liabilities exposed to USD LIBOR	(1,947)	(1,947)

At 31 December 2021, the Group held undrawn committed borrowing facilities totalling $4.7 billion with reference to USD LIBOR. The notional amount of derivatives in hedging relationships yet to be transitioned to alternative risk-free rates at 31 December 2021 was $5.3 billion (2020: $5.3 billion). During the year, the Group completed the transition of GBP LIBOR financial instruments to SONIA in advance of its cessation on 31 December 2021 with no impact to Derivative financial liabilities and Borrowings, for details of the instruments affected please see note 21.

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 debt to tangible net worth. The respective borrowers remain in compliance with these financial covenants at 31 December 2021.

The expected undiscounted cash flows of the Group's financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date, are as follows:

							2021
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 financial liabilities							
Borrowings	(1,076)	(968)	(728)	(1,318)	(750)	(7,817)	(12,657)
Expected future interest payments	(393)	(357)	(325)	(285)	(258)	(1,156)	(2,774)
Derivatives hedging debt – net settled	14	15	15	15	15	60	134
Derivatives hedging debt – gross settled:							
– gross inflows	1,295	865	9	689	569	—	3,427
– gross outflows	(1,418)	(1,070)	(26)	(736)	(569)	—	(3,819)
Other financial liabilities	(6,145)	(107)	(110)	(17)	(11)	(303)	(6,693)
Total	(7,723)	(1,622)	(1,165)	(1,652)	(1,004)	(9,216)	(22,382)

							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 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 debt – net settled	2	3	3	3	3	22	36
Derivatives hedging 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)

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, Anglo American Woodsmith 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	2021	2020
Expiry date		
Within one year	209	2,228
Greater than one year, less than two years	1,092	615
Greater than two years, less than three years	1,520	1,453
Greater than three years, less than four years	4,885	916
Greater than four years, less than five years	326	4,718
Greater than five years	9	47
	8,041	9,977

The Group has an undrawn $4.7 billion revolving credit facility due to mature in March 2025.

In April 2020, the Group signed a new $2.0 billion revolving credit facility with an initial maturity date of April 2021. After the Group's $1.0 billion bond issuance in March 2021 the Group issued a notice of cancellation for the facility which became effective in March 2021 and accordingly this facility is no longer available.

On 14 December 2021, the Group cancelled its $0.2 billion bilateral facility. At the same date, it increased a $4.5 billion revolving credit facility maturing March 2025 by $0.2 billion to $4.7 billion.

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	2021	2020
Cash and cash equivalents	9,066	7,521
Trade and other receivables	3,765	3,294
Financial asset investments	187	240
Derivative financial assets	443	742
Environmental rehabilitation trust	113	209
	13,574	12,006

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions. 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.

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 economically 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:

	2021				2020(restated)[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)	1,360	452	(8,112)	(6,300)	1,321	398	(9,580)	(7,861)
Derivatives	40	—	(126)	(86)	(80)	(5)	421	336
	1,400	452	(8,238)	(6,386)	1,241	393	(9,159)	(7,525)

(1) The table has been restated to include environmental rehabilitation trusts of $301 million in the financial instruments not linked to commodity price category, and the presentation of financial instruments subject to price movements has been corrected via the reclassification of $211 million from fixed price of $80 million and not linked to commodity prices of $131 million.

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 no longer 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 peso, 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 a committee with delegated authority from 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. Further detail with respect to the Group's non-US dollar borrowings approach is included in note 21.

Net other financial liabilities (excluding net debt related balances, variable vessel leases and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) are $2,470 million. This includes net liabilities of $108 million denominated in US dollars, $298 million denominated in Brazilian real, $362 million denominated in Australian dollars, $491 million denominated in Chilean pesos and $751 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.

USD LIBOR is expected to be replaced by an alternative risk-free rate by June 2023. 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. Please see note 39F for further details.

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, variable vessel leases and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) of $2,470 million (2020 (restated (see note 22)): $1,950 million) are primarily non-interest bearing.

The table below reflects the exposure of the Group's net debt to currency and interest rate risk:

						2021
US$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	7,636	(1,847)	(7,265)	(126)	(3,097)	(4,699)
Euro	32	—	(2,681)	—	2,679	30
South African rand	695	(7)	(133)	—	—	555
Brazilian real	244	—	(24)	—	—	220
Australian dollar	108	—	(77)	—	—	31
Sterling	19	(7)	(753)	—	418	(323)
Other	323	—	(53)	—	—	270
Impact of interest rate derivatives	—	(8,542)	8,542	—	—	—
Total	9,057	(10,403)	(2,444)	(126)	—	(3,916)
Reconciliation:						
Variable vessel leases						74
Net debt						(3,842)

						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 rate derivatives	—	(8,953)	8,953	—	—	—
Total	7,508	(10,604)	(2,894)	415	—	(5,575)
Reconciliation:						
Variable vessel leases						45
Net debt						(5,530)

Net debt and financial risk management

23. Financial risk management continued

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 2021 or 2020.

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 $32.8 billion to $34.8 billion in the year, principally reflecting the profit for the year, partially offset by cancellation of shares and dividends to Company shareholders and non-controlling interests of $6.9 billion.

Total equity

$34.8 bn

(2020: $32.8 bn)

24. Called-up share capital and consolidated equity analysis

Called-up share capital

	2021		2020	
	Number of shares	US$ million	Number of shares	US$ million
Ordinary shares of $54^{86}/_{91}$ US cents each:				
At 1 January	1,363,118,080	749	1,371,602,399	753
Shares cancelled[1]	(21,466,105)	(12)	(8,484,319)	(4)
At 31 December	1,341,651,975	737	1,363,118,080	749

[1] During the year, 21,466,105 shares were cancelled under the buyback programme. In 2020, 8,484,319 shares were purchased and cancelled under the 2019 buyback programme approved at the 2019 annual general meeting.

The number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2021 (including the shares held by the Group in other structures, as outlined below) was 1,341,651,975 and $737 million (2020: 1,363,118,080 and $749 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

	2021		2020	
	Number of shares	US$ million	Number of shares	US$ million
Own shares				
Own shares held by subsidiaries and employee benefit trusts	123,430,969	6,141	124,361,049	6,107
Total	123,430,969	6,141	124,361,049	6,107

Included in Own shares are 112,300,129 (2020: 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 5,916,158 ($241 million) shares held 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 2020	431	(3)	142	570
Other 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 comprehensive loss	—	(8)	—	(8)
Equity settled share-based payment schemes	15	—	—	15
Cancellation of treasury shares	—	—	12	12
Other	(6)	(2)	4	(4)
At 31 December 2021	460	31	160	651

Other reserves comprise a capital redemption reserve of $150 million (2020: $138 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% (2020: 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% (2020: 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 20.8% (2020: 19.2%) 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% (2020: 46.6%) interest in the operations of Kumba Iron Ore, comprising the 30.0% (2020: 30.0%) interest held by other shareholders in Kumba Iron Ore and the 23.7% (2020: 23.7%) of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company Proprietary Limited, that is held by shareholders outside the Group.

						2021						2020
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	58	582	1,045	1,394	1	3,080	(28)	82	288	834	(9)	1,167
Profit/(loss) attributable to non-controlling interests	53	574	1,125	1,388	(3)	3,137	(37)	82	372	849	(27)	1,239
Dividends paid to non-controlling interests	(9)	(458)	(808)	(1,535)	(28)	(2,838)	(8)	(38)	(181)	(429)	(12)	(668)
Balance sheet information:												
Equity attributable to non-controlling interests	1,365	1,618	1,338	1,665	959	6,945	1,364	1,525	1,035	1,937	1,081	6,942

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 Sur, Anglo American Platinum and Kumba Iron Ore is as follows:

	2021				2020			
US$ million	De Beers	Anglo American Sur	Anglo American Platinum	Kumba Iron Ore	De Beers	Anglo American Sur	Anglo American Platinum	Kumba Iron Ore
Non-current assets	8,430	4,316	6,000	3,133	8,853	4,186	5,903	3,155
Current assets	4,475	1,596	6,460	2,061	4,236	1,414	5,198	2,541
Current liabilities	(806)	(1,121)	(3,587)	(631)	(643)	(865)	(3,218)	(533)
Non-current liabilities	(2,429)	(1,545)	(1,596)	(856)	(2,712)	(1,676)	(1,592)	(874)
Net assets	9,670	3,246	7,277	3,707	9,734	3,059	6,291	4,289
Revenue[1]	5,591	3,724	14,502	6,944	3,371	2,382	6,604	4,880
Profit/(loss) for the financial year[2]	317	1,149	5,398	2,983	(235)	164	1,891	1,816
Total comprehensive income/(expense)	(86)	1,173	4,736	2,688	(294)	152	1,881	1,784
Net cash inflow from operating activities	1,163	1,682	6,698	3,366	35	524	1,358	1,804

(1) Third-party trading amounts restated from a gross to a net presentation in 2020. See note 7 for further details.
(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 62,000 employees during 2021, down 2,000 since the prior year.

Employees

62,000

(2020: 64,000)

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	2021	2020 (restated)[1]
De Beers	8	9
Copper	5	4
Nickel	1	1
Platinum Group Metals	31	32
Iron Ore	9	9
Metallurgical Coal	2	2
Crop Nutrients	1	—
Corporate and other	5	7
	62	64

(1) Comparative totals remain unchanged from what was reported in 2020. Figures have been restated in line with the Group reassessment of its reportable segments, see note 2 for further details.

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	2021	2020
South Africa	41	45
Other Africa	5	5
South America	9	8
North America	1	1
Australia and Asia	3	3
Europe	3	2
	62	64

Employee costs

Payroll costs in respect of the employees included in the tables above were:

US$ million	2021	2020
Wages and salaries	3,142	2,799
Social security costs	197	145
Post employment benefits	268	254
Share-based payments	189	167
Total payroll costs	3,796	3,365
Reconciliation:		
Less: Employee costs capitalised	(193)	(159)
Less: Employee costs included within special items	—	(26)
Employee costs included in operating costs	3,603	3,180

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	2021	2020
Salaries and short term employee benefits	28	30
Social security costs	11	11
Post employment benefits	3	3
Share-based payments	21	23
	63	67

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 $143 million (2020: $131 million) and for defined contribution medical plans (net of amounts capitalised) was $68 million (2020: $63 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 2021 were $3 million (2020: $42 million). In addition, $13 million (2020: $21 million) of benefits were paid to unfunded pension plans and $25 million (2020: $23 million) of benefits were paid in relation to post employment medical plans. The Group expects to contribute $23 million to its pension plans and $23 million to its post employment medical plans in 2022.

Income statement

The amounts recognised in the Consolidated income statement are as follows:

			2021			2020
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Charged to operating costs	14	2	16	17	2	19
Net (credit)/charge to net finance costs	(2)	32	30	(7)	32	25
Total net charge to the income statement	12	34	46	10	34	44

Net (credit)/charge to net finance costs includes interest expense on surplus restriction of $12 million (2020: $10 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	Pension plans 2021	Post employment medical plans 2021	Total 2021	Pension plans 2020	Post employment medical plans 2020	Total 2020
Return on plan assets, excluding interest income	(146)	1	(145)	470	—	470
Actuarial gains/(losses) on plan liabilities	321	(2)	319	(479)	34	(445)
Movement in surplus restriction	(17)	—	(17)	2	—	2
Remeasurement of net defined benefit obligation	158	(1)	157	(7)	34	27

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	2021	2020
Net asset/(liability) recognised at 1 January	72	(20)
Net income statement charge before special items	(46)	(44)
Remeasurement of net defined benefit obligation	157	27
Employer contributions to funded pension plans	3	42
Benefits paid to unfunded plans	38	44
Effects of curtailments/settlements	(1)	—
Other	8	1
Currency movements	53	22
Net asset recognised at 31 December	284	72
Amounts recognised as:		
Defined benefit pension plans in surplus	695	715
Retirement benefit obligation – pension plans	(198)	(295)
Retirement benefit obligation – medical plans	(304)	(348)
Retirement benefit surplus – medical plans	91	—
	284	72

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 and post retirement medical 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	Pension plans 2021	Post employment medical plans 2021	Total 2021	Pension plans 2020	Post employment medical plans 2020	Total 2020
At 1 January	5,836	12	5,848	5,258	12	5,270
Interest income	131	1	132	145	1	146
Return on plan assets, excluding interest income	(146)	1	(145)	470	—	470
Contributions paid by employer to funded pension plans	3	—	3	42	—	42
Benefits paid	(225)	(1)	(226)	(241)	(1)	(242)
Effects of curtailments/settlements	(1)	—	(1)	—	—	—
Other	(86)	97	11	11	—	11
Currency movements	(62)	(8)	(70)	151	—	151
As at 31 December	5,450	102	5,552	5,836	12	5,848

Employees

27. Retirement benefits continued

The changes in the present value of defined benefit obligations are as follows:

US$ million	2021 Pension plans	2021 Post employment medical plans	2021 Total	2020 Pension plans	2020 Post employment medical plans	2020 Total
At 1 January	(5,292)	(360)	(5,652)	(4,773)	(399)	(5,172)
Current service costs	(14)	(2)	(16)	(17)	(2)	(19)
Interest costs	(117)	(33)	(150)	(128)	(33)	(161)
Actuarial gains/(losses)	321	(2)	319	(479)	34	(445)
Benefits paid	238	26	264	262	24	286
Other	(34)	31	(3)	(10)	—	(10)
Currency movements	87	25	112	(147)	16	(131)
As at 31 December	(4,811)	(315)	(5,126)	(5,292)	(360)	(5,652)

The most significant actuarial gain arose from changing financial assumptions on pension plans totalling $277 million (2020: loss arose from changing financial assumptions on pension plans totalling $466 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	2021 South Africa	2021 United Kingdom	2021 Other	2021 Total	2020 South Africa	2020 United Kingdom	2020 Other	2020 Total
Corporate bonds	140	2,871	3	3,014	139	2,929	2	3,070
Government bonds	411	2,723	59	3,193	408	3,288	68	3,764
Debt (Repurchase Agreements)	(69)	(1,062)	—	(1,131)	(55)	(1,463)	—	(1,518)
Equity	95	34	8	137	86	35	8	129
Cash	48	121	—	169	142	159	—	301
Other	2	66	—	68	2	87	1	90
Fair value of pension plan assets	627	4,753	70	5,450	722	5,035	79	5,836
Active members	(4)	—	(16)	(20)	(4)	—	(8)	(12)
Deferred members	(2)	(1,201)	(4)	(1,207)	(2)	(1,756)	(5)	(1,763)
Pensioners	(445)	(2,910)	(55)	(3,410)	(455)	(2,761)	(67)	(3,283)
Present value of funded obligations	(451)	(4,111)	(75)	(4,637)	(461)	(4,517)	(80)	(5,058)
Present value of unfunded obligations	—	(22)	(152)	(174)	—	(1)	(233)	(234)
Net surplus/(deficit) in pension plans	176	620	(157)	639	261	517	(234)	544
Surplus restriction	(142)	—	—	(142)	(124)	—	—	(124)
Recognised retirement benefit assets/(liabilities)	34	620	(157)	497	137	517	(234)	420
Non-current assets – pension asset surplus	34	658	3	695	137	577	1	715
Retirement benefit obligation – pension plans	—	(38)	(160)	(198)	—	(60)	(235)	(295)

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 118% (2020: 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 $159 million (2020: $231 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.

Employees

27. Retirement benefits continued

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):

	2021			2020		
	South Africa	United Kingdom	Other	South Africa	United Kingdom	Other
Defined benefit pension plans						
Average discount rate for plan liabilities	10.4%	1.9%	5.8%	9.8%	1.4%	3.4%
Average rate of inflation	6.2%	3.3%	3.0%	5.2%	3.0%	2.8%
Average rate of increase of pensions in payment	6.2%	3.5%	2.8%	5.2%	3.0%	2.6%
Post employment medical plans						
Average discount rate for plan liabilities	10.4%	n/a	9.9%	9.8%	n/a	10.6%
Average rate of inflation	6.2%	n/a	6.5%	5.2%	n/a	6.6%
Expected average increase in healthcare costs	7.8%	n/a	8.7%	7.6%	n/a	9.1%

The weighted average duration of the South African plans is 9 years (2020: 9 years), United Kingdom plans is 17 years (2020: 18 years) and plans in other regions is 14 years (2020: 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	2021	2020	2021	2020
South Africa	18.8	18.8	23.4	23.4
United Kingdom	27.9	27.9	29.6	29.7
Other	24.2	24.3	28.2	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	2021	2020	2021	2020
South Africa	18.8	18.8	23.4	23.4
United Kingdom	28.6	28.7	30.9	30.8
Other	25.3	25.5	29.2	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.

Employees

27. Retirement benefits continued

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:

				2021
US$ million	South Africa	United Kingdom	Other	Total
Discount rate – 0.5% decrease	(30)	(364)	(12)	(406)
Inflation rate – pension plans – 0.5% increase	(17)	(162)	(6)	(185)
Inflation rate – medical plans – 0.5% increase	(12)	—	(3)	(15)
Life expectancy – increase by 1 year	(25)	(221)	(3)	(249)

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 2021. 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 2021 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. LTIPs 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. Other schemes in the Group include performance conditions based on Group financial performance.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US$ million	**2021**	2020
BSP	**81**	82
LTIP	**73**	59
Other schemes	**6**	5
Share-based payment charge relating to Anglo American plc shares	**160**	146

In addition there are equity settled share-based payment charges of $13 million (2020: $10 million) relating to Kumba Iron Ore Limited shares and $12 million (2020: $11 million) relating to Anglo American Platinum Limited shares. Certain entities 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	**2021**	2020
Outstanding at 1 January	**10,862,488**	11,824,806
Conditionally awarded in year	**2,343,404**	4,383,844
Vested in year	**(4,128,121)**	(5,096,505)
Forfeited or expired in year	**(186,282)**	(249,657)
Outstanding at 31 December	**8,891,489**	10,862,488

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	**2021**	2020
Outstanding at 1 January	**12,163,678**	12,010,241
Conditionally awarded in year	**3,538,541**	5,296,437
Vested in year	**(2,824,370)**	(4,579,836)
Forfeited or expired in year	**(875,430)**	(563,164)
Outstanding at 31 December	**12,002,419**	12,163,678

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 21 February 2022, Anglo American announced the safe restart of its Grosvenor (Metallurgical Coal) mining operation in Queensland, Australia. With the exception of the Grosvenor restart, the disposal of Cerrejón completed on 11 January 2022 (see note 32) and the proposed final and special dividend for 2021 (see note 6) there have been no further reportable events since 31 December 2021.

30. Commitments

Overview

A commitment is a contractual obligation to make a payment in the future which is not provided for in the Consolidated 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 $3,647 million (2020: $4,327 million), of which 56% (2020: 50%) relates to expenditure to be incurred within the next year.

The Group's outstanding commitments relating to take or pay agreements are $13,092 million (2020: $13,790 million), of which 10% (2020: 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. The award, inclusive of interest, is currently valued at approximately $140 million. The precise timing and value of receipt remains uncertain and hence no receivable has been recognised on the Consolidated balance sheet as at 31 December 2021.

Contingent liabilities

Anglo American South Africa Proprietary Limited (AASA)

In October 2020, an application was initiated against Anglo American South Africa Proprietary Limited (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-related health impacts.

AASA has noted its intention to oppose the class certification application, and will defend itself against the allegations made. It filed its response to the application on 31 August 2021 and a supplementary response on 11 November 2021. The class certification hearing is likely to take place in the second half of 2022, with a ruling likely to follow several months later.

This litigation is still 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 is recognised.

Unrecognised items and uncertain events

31. Contingent assets and liabilities continued

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 $254 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

On 28 June 2021, the Group announced it had entered into an agreement for the sale of its 33.3% interest in the Cerrejón associate to Glencore. All conditions precedent, including approvals from authorities, were cleared on 23 December 2021, and the Cerrejón associate therefore met the criteria to be classified as held for sale from that date. At 31 December 2021, assets of $50 million were classified as held for sale and an impairment of $283 million recognised within non-operating special items to bring the carrying amount in line with the expected disposal proceeds (see notes 8 and 13). On 11 January 2022, the Group completed the disposal and received the outstanding consideration receivable of $50 million. In line with the agreement, the initial cash consideration of $294 million was reduced by $240 million cash dividends, repayment of shareholders loan of $41 million received from Cerrejón and adjusted for the cash sweeping arrangement paid to Cerrejón of $37 million.

2020
There were no assets classified as held for sale as at 31 December 2020.

33. Acquisitions and disposals

Acquisitions
There were no acquisitions in the year ended 31 December 2021.

2020
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 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).

Disposals
On 4 June 2021, the Group completed the demerger of its South African thermal coal assets into a newly incorporated company, Thungela Resources Limited (Thungela), that on 7 June 2021 was admitted to trading on both the Johannesburg and London Stock Exchanges (JSE and LSE). The demerger comprised the Goedehoop, Greenside, Khwezela, Zibulo, Isibonelo and Butsanani coal mining operations, a 23.2% shareholding in Richards Bay Coal Terminal and the 50:50 Mafube Colliery joint operation. The demerger was executed by means of an in specie return of capital valued at an amount equal to the fair value of the disposed operations. Share premium decreased by $1,800 million and the difference between this and the fair value demerged was credited to retained earnings.

The fair value of the in specie return of capital at the date of the demerger and retained financial asset investment was a level 3 fair value measurement based on a discounted cash flow model with a real post-tax discount rate of 9.5%. The model used forecast thermal coal prices that fall within the analyst range throughout the forecast period. The forecast long-term price from 2027 onwards fell within the interquartile range of analyst prices of $65/tonne to $72/tonne (API4 FOB Richards Bay real 2021 basis).

Details of the net loss on demerger of Thungela are shown below:

US$ million	4 June 2021
Property, plant and equipment	770
Environmental rehabilitation trust	223
Other non-current assets	87
Current assets	547
Current liabilities	(210)
Provisions	(485)
Non-current liabilities	(121)
Thungela net assets and liabilities	811
Non-controlling interest	(106)
Less: Retained financial asset investments (see Further information below)	(64)
Net assets demerged	641
Net cash and cash equivalents demerged	(200)
Net cash outflow from demerger of Thungela	(200)

Group structure

33. Acquisitions and disposals continued

US$ million	4 June 2021
Share premium reduction	1,800
Capital reduction returned to distributable reserves	(1,081)
In specie return of capital relating to Thungela demerger	**719**
Net assets demerged	(641)
Retained financial asset investments (see Further information below)	(64)
Revaluation gain on retained financial asset investments (see Further information below)	(1)
Gain on demerger of Thungela	**13**
Transaction costs	(42)
Withholding taxes	(35)
Related taxes released	18
Reclassification of foreign currency translation reserve	(363)
Loss on demerger of Thungela net of tax and transaction costs (see note 8)	**(409)**

Further information

On completion of the demerger, the Group retained an 8.9% interest in Thungela through the Tenon/Epoch investment companies, together with Thungela shares allocated in respect of Anglo American own shares held by subsidiaries and employee benefit trusts. A financial asset at fair value through other comprehensive income of $64 million was recognised on the Group's Consolidated balance sheet in respect of this interest, with a revaluation gain, representing the difference between the previous carrying value of the 8.9% interest in the net assets and their fair value, also recognised within special items in the Consolidated income statement. Subsequently, 0.3% of the retained interest was used to settle share schemes relating to Thungela executives. Following the listing of Thungela on the JSE and LSE, the retained investment in Thungela is accounted for as a level 1 financial instrument.

Anglo American's marketing business will continue to support Thungela in the sale and marketing of its products for a three-year period with an additional six-month transitional period thereafter from the date of demerger. Sales and purchases under the offtake agreement will be reported on a net basis within revenue from other sources together with the Group's other third-party trading activities.

Contingent capital support is also provided until the end of 2022 in the event of thermal coal prices in South African rand (ZAR) falling below a certain threshold, the financial impact of which is not significant.

Other

Other cash received in respect of disposals principally relates to $235 million on the settlement of deferred consideration balances relating to the sale of the Rustenburg operations (Platinum Group Metals) completed in November 2016 and $50 million contingent consideration in respect of the disposal of the Group's interest in Anglo American Norte (Copper) completed in 2015.

2020

Disposals in 2020 principally related to the settlement of deferred consideration balances at Platinum Group Metals and the sale of 12% of the Group's interest in the Grosvenor mine (Metallurgical Coal) as part of the equalisation of ownership across its integrated Australian metallurgical coal operations at Moranbah North and Grosvenor.

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
- Copper Chile and Copper Peru are aggregated into Copper
- Thermal Coal – South Africa, until the date of demerger and Thermal Coal – Colombia, until the date of the sale agreement (see notes 32 and 33) are aggregated into Corporate and other.

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 2021	2020
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%
Nickel				
Barro Alto	Brazil	Full consolidation	100%	100%
Platinum Group Metals[5]			79%	79%
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 229 for footnotes.

Group structure

34. Basis of consolidation continued

Segment and asset	Location	Accounting treatment	Percentage of equity owned 2021	2020
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%
Metallurgical Coal				
Coal Australia and Canada, comprising:				
Moranbah North[9]	Australia	Joint operation	**88%**	88%
Grosvenor[9][10]	Australia	Joint operation	**88%**	88%
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%
Manganese				
Samancor[11][13]	South Africa and Australia	Equity accounted joint venture	**40%**	40%
Crop Nutrients				
Woodsmith[14]	United Kingdom	Full consolidation	**100%**	100%
Corporate and other				
Coal South Africa, comprising:[15]				
Goedehoop	South Africa	Full consolidation	**–**	100%
Greenside	South Africa	Full consolidation	**–**	100%
Khwezela	South Africa	Full consolidation	**–**	100%
Mafube	South Africa	Joint operation	**–**	50%
Zibulo[16]	South Africa	Full consolidation	**–**	73%
Isibonelo	South Africa	Full consolidation	**–**	100%
Richards Bay Coal Terminal	South Africa	Equity accounted associate	**–**	23.2%
Butsanani	South Africa	Full consolidation	**–**	66.7%
Carbones del Cerrejón[17]	Colombia	Equity accounted associate	**33.3%**	33.3%

(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 79.2% (2020: 80.8%), which excludes 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 the Sishen Iron Ore Company (SIOC). Kumba Iron Ore Limited has a 76.3% interest in SIOC (2020: 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 69.97% (2020: 70.04%). Consequently, the Group's effective interest in SIOC is 53.4% (2020: 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) 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%.
(14) The Group acquired 100% of the Woodsmith project on 17 March 2020.
(15) On 4 June 2021, the Group completed the demerger of its South African thermal coal assets (see note 33). Prior to the demerger the percentage of equity ownership was consistent with prior year.
(16) Zibulo forms part of the Anglo American Inyosi Coal BEE company of which the Group owns 73%.
(17) On 28 June 2021, the Group announced it had entered into an agreement for the sale of its 33.3% interest in the Cerrejón associate to Glencore plc. All conditions precedent, including approvals from authorities, were cleared on 23 December 2021, and the Cerrejón associate therefore met the criteria to be classified as held for sale from that date.

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 2021 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.

See page 243 for footnotes.

Country of incorporation(1)(2)	Name of undertaking	Percentage of equity owned(3)	Share class	Registered address
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	Esteban Echeverría 1776, Piso 2, Godoy Cruz, Mendoza
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

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 243 for footnotes.				
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
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	23%	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%	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	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

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 243 for footnotes.				
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	Broadhurst Primary School (Pty) Ltd	45%	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	21%	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	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	Rua Maria Luiza Santiago, nº 200, 16º andar (parte), bairro Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
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
Brazil	Ventos de São Felipe Holding S/A	98%	Ordinary	Rodovia Doutor Mendel Steinbruch, nº 10.800, sala 244, Distrito Industrial, Maracanaú/CE, CEP 61939-906
Brazil	Ventos de São Felipe Energias Renovaveis S/A	98%	Ordinary	Rodovia Doutor Mendel Steinbruch, nº 10.800, sala 290, Distrito Industrial, Maracanaú/CE, CEP 61939-907
Brazil	Ventos de Santa Alice Holding S/A	98%	Ordinary	Rodovia Doutor Mendel Steinbruch, nº 10.800, sala 241, Distrito Industrial, Maracanaú/CE, CEP 61939-908
Brazil	Ventos de Santa Alice Energias Renovaveis S/A	98%	Ordinary	Rodovia Doutor Mendel Steinbruch, nº 10.800, sala 236, Distrito Industrial, Maracanaú/CE, CEP 61939-909

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 243 for footnotes.				
Brazil	Ventos de Santa Sara Holding S/A	98%	Ordinary	Rodovia Doutor Mendel Steinbruch, nº 10.800, sala 246, Distrito Industrial, Maracanaú/CE, CEP 61939-910
Brazil	Ventos de Santa Sara Energias Renovaveis S/A	98%	Ordinary	Rodovia Doutor Mendel Steinbruch, nº 10.800, sala 226, Distrito Industrial, Maracanaú/CE, CEP 61939-911
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
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
Canada	Lion Battery Technologies Inc.	46%	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 Preference	2400-333 Bay St, Toronto ON, M5H2T6
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	Torre Titanium, 2800 Isidora Goyenechea, piso 46, Las Condes, Santiago 7550647, Chile
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	Avda Andres Bello 2687, P 11 Edif. el Pacifico, Las Condes, Santiago, Región Metropolitana
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 4607, The Park Place, No.1601 Nan Jing West Road, Shanghai
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

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 243 for footnotes.				
China	Platinum Guild International (Shanghai) Co., Limited	78%	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 11, 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	C/- Fiduge SARLBattery IV, Soraya Building, PO Box 15.950, Liberville
Germany	Element Six GmbH	51%	Ordinary	Staedeweg 18, 36151, Burghaun
Germany	Kupfer Copper Germany GmbH	80%	Ordinary	Simmons & Simmons LLP, Koenigsalle 2a, 40212, Dusseldorf
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	78%	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 Preference Equity	601, 6th floor, TCG Financial Centre, C -53, G Block, Bandra Kurla Complex, Bandrar (East), Mumbai 400 058
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	78%	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, Kav. 5-TA RT.004/RW.003 Pondok Indah, Jakarta Selatan 12310
Indonesia	PT Minorco Services Indonesia	100%	Ordinary	Pondok Indah Office Tower 3, 17th Floor, Jl. Sultan Iskandar Muda, Kav. 5-TA RT.004/RW.003 Pondok Indah, Jakarta Selatan 12310
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

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 243 for footnotes.				
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[6]	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 2 Limited[6]	100%	Ordinary	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Midway Investment Limited[6]	100%	A Shares B Shares	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
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 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

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 243 for footnotes.				
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	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, Luxembourg
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	N/A
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
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

Group structure

35. Related undertakings of the Group continued

See page 243 for footnotes.

Country of incorporation[(1)(2)]	Name of undertaking	Percentage of equity owned[(3)]	Share class	Registered address
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	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Anglo American Exploration B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Anglo American Exploration (Philippines) B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Anglo American International B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Anglo American Netherlands B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Anglo Operations (Netherlands) B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Element Six N.V.	85%	Ordinary	De Nieuwe Erven 2, 5431 NT, Cuijk
Netherlands	Erabas B.V[(6)]	79%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Loma de Niquel Holdings B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, United Kingdom
Netherlands	Minorco Exploration (Indonesia) B.V.[(6)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA, 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 Pacific Legal Group Lawyers, Ground Floor, Iaraguma Haus, Lot 30 Section 38 Off Cameron Road, Gordons, National Capital District
Papua New Guinea	Anglo American Exploration (PNG) Limited	100%	Ordinary	c/o Pacific Legal Group Lawyers, Ground Floor, Iaraguma Haus, Lot 30 Section 38 Off Cameron Road, Gordons, 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. en Liquidación	100%	Ordinary	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Asociación Michiquillay en Liquidación	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 STF 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
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

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 243 for footnotes.				
Singapore	Samancor Marketing Pte. Ltd.	40%	Ordinary	16 Collyer Quay #18-00 Income at Raffles, 049318
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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Amaprop Townships Ltd	100%	Ordinary	61 Katherine Street, Sandton, 2196
South Africa	Ambase Investment Africa (Botswana) (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Ambase Investment Africa (DRC) (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Ambase Investment Africa (Namibia) (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Ambase Investment Africa (Tanzania) (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Ambase Investment Africa (Zambia) (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Corporation of South Africa (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American EMEA Shared Services (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Marketing South Africa Proprietary Limited	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Platinum Limited	79%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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 Proprietary Limited	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Sebenza Fund (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American SEFA Mining Fund (Pty) Ltd	50%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American South Africa Investments Proprietary Limited	100%	Ordinary Preference	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American South Africa Proprietary Limited	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Zimele (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Zimele Community Fund (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo American Zimele Loan Fund (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo Coal Investment Africa (Botswana) (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo Corporate Enterprises (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo Corporate Services South Africa Proprietary Limited	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196

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 243 for footnotes.				
South Africa	Anglo Platinum Management Services (Pty) Ltd	79%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo South Africa (Pty) Ltd	100%	Ordinary Redeemable Preference	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anglo South Africa Capital (Pty) Ltd	100%	Ordinary Redeemable Preference	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Anseld Holdings Proprietary Limited	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Atomatic Trading (Pty) Limited	58%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Balgo Nominees (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Blinkwater Farms 244KR (Pty) Ltd	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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	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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Hotazel Manganese Mines Proprietary Limited	30%	Ordinary Preference	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
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	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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Longboat (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196

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 243 for footnotes.				
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	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	Matthey Rustenburg Refiners (Pty) Ltd	79%	A' Redeemable cumulative Preference shares B' Redeemable cumulative Preference shares A' Ordinary shares B' Ordinary shares	144 Oxford Road, Rosebank, Melrose, Johannesburg, 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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Modikwa Mining Personnel Services (Pty) Ltd	39%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Modikwa Platinum Mine (Pty) Ltd	39%	Ordinary	16 North Road, Dunkeld Court, Dunkeld West, 2196
South Africa	Mogalakwena Platinum Limited	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Mogalakwena Mine Solar Power (Pty) Ltd	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Newshelf 480 (Pty) Ltd	55%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Norsand Holdings (Pty) Ltd	79%	Ordinary B' Ordinary Non-Cumulative Redeemable Preference	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Peruke (Pty) Ltd	51%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Platmed (Pty) Ltd	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Platmed Properties (Pty) Ltd	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Polokwane Iron Ore Company (Pty) Ltd	27%	Ordinary	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Precious Metals Refiners Proprietary Limited	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Pro Enviro (Pty) Ltd	20%	Ordinary	Greenside Colliery, PTN 0ff 331, Blackhills, 1032
South Africa	Resident Nominees (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Rustenburg Base Metals Refiners Proprietary Limited	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Rustenburg Platinum Mines Limited	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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

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 243 for footnotes.				
South Africa	Spectrem Air Pty Ltd	93%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
South Africa	Tenon Investment Holdings (Pty) Ltd	100%	Ordinary	144 Oxford Road, Rosebank, Melrose, Johannesburg, 2196
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
South Africa	UHPU Manufacturing Proprietary Limited	51%	N/A	Debid Road, Nuffield Springs, 1559
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	78%	Ordinary	144 Oxford Road, Rosebank, Melrose, 2196
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	Marikana UJV	50%	N/A	Constantia Office Park, Cnr 14th Avenue & Hendrik Potgieter Road, Bridgeview House, Ground Floor (Lakeview Avenue), Weltevreden Park, 1709
South Africa	Modikwa Platinum Mine UJV	50%	N/A	ARM House, 29 Impala Road, Chislehurston, Sandton, 2196
South Africa	Mototolo UJV	100%	N/A	55 Marshall Street, Johannesburg, 2001
South Africa	WPIC Holdings Pty Ltd	43%	Ordinary	5 Hollard Street, Johannesburg, 1627
South Africa	Peglerae Hospital (Pty) Ltd	31%	Ordinary	21 Oxford Manor, Rudd & Chaplin Roads, Illovo, Johannesburg, 2196
South Africa	Venetia Solar Project Pty Ltd	63%	Ordinary	Cornerstone, Corner Crownwood Road and Diamond Drive, Theta, Johannesburg, 2013
South Africa	Kumba Iron One Rehabilitation Trust	70%	N/A	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	SIOC Employee Benefit Trust	53%	N/A	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	Dingleton Home Owners Resettlemen Trust	53%	N/A	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	Main Street 1252 (Pty) Ltd (RF)	62.9%	Ordinary	Cornerstone, Corner of Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
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	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 Australia Investments Limited[(10)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Capital Australia Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Capital plc[(10)]	100%	Ordinary 3% Cumulative Preference	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American CMC Holdings Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Corporate Secretary Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Diamond Holdings Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Finance (UK) Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Foundation	100%	Limited by guarantee	17 Charterhouse Street, London, EC1N 6RA

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 243 for footnotes.				
United Kingdom	Anglo American Holdings Limited	100%	Ordinary 8% Preference 8.3% Preference B shares	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American International Holdings Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Investments (UK) Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Marketing Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Medical Plan Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Medical Plan Trust	100%	N/A	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Prefco Limited[(10)]	100%	Ordinary Capital Preference Preference	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Projects UK Limited[(10)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American REACH Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Services (UK) Ltd.[(10)]	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Technical & Sustainability Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Technical & Sustainability Services Ltd	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo American Woodsmith Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo Base Metals Marketing Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo Platinum Marketing Limited	78%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anglo UK Pension Trustee Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Anmercosa Finance Limited	100%	Ordinary	1 More London Place, London, SE1 2AF
United Kingdom	AP Ventures Fund I LP	38%	N/A	16 Littleworth Lane, Esher, Surrey, KT10 9PF
United Kingdom	AP Ventures Fund II LP	19%	N/A	16 Littleworth Lane, Esher, Surrey, KT10 9PF
United Kingdom	Birchall Gardens LLP	50%	N/A	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	Charterhouse CAP Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
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	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	De Beers Jewellers Limited	85%	A Ordinary B Ordinary Deferred Share Special Dividend Share	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	De Beers Jewellers Trade Mark Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	De Beers Jewellers UK Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	De Beers UK Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Ebbsfleet Property Limited	50%	Ordinary	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
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	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Element Six Holdings Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
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	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Forevermark Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Gemfair Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	IIDGR (UK) Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Lightbox Jewelry Ltd.	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Mission Zero Technologies Ltd	25%	Ordinary	46-54 High Street, Ingatestone, Essex, CM4 9DW
United Kingdom	Rhoanglo Trustees Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Sach 1 Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA

Group structure

35. Related undertakings of the Group continued

See page 243 for footnotes.

Country of incorporation[(1)(2)]	Name of undertaking	Percentage of equity owned[(3)]	Share class	Registered address
United Kingdom	Sach 2 Limited	100%	Ordinary Redeemable Preference	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Security Nominees Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Sirius Minerals Foundation	100%	Limited by guarantee	Resolution House, Lake View, Eastfield, Scarborough, YO11 3ZB
United Kingdom	Sirius Minerals Holdings Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	Supercritical Solutions Ltd	25%	Ordinary	Orchard House School Lane, Cookham, Maidenhead, SL6 9QJ
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	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	TRACR Limited	85%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	York Potash Holdings Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	York Potash Intermediate Holdings Limited	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	York Potash Ltd	100%	Ordinary B preference Non-voting	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	York Potash Processing & Ports Limited	100%	Ordinary Non-voting	17 Charterhouse Street, London, EC1N 6RA
United Kingdom	YPF Ltd	100%	Ordinary	17 Charterhouse Street, London, EC1N 6RA
United States of America	Anglo American US Holdings Inc.	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
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	23055 SE Stark Street, Gresham, Oregon, 97030
United States of America	Element Six Technologies US Corporation	85%	Ordinary	3901 Burton Drive, Santa Clara CA 95054
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) 100% direct holding by Anglo American plc.

Other items

This section includes disclosures about related party transactions, auditors' 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	**2021**	2020	**2021**	2020	**2021**	2020
Transactions with related parties						
Sale of goods and services	**—**	—	**—**	—	**158**	87
Purchase of goods and services	**—**	(28)	**(169)**	(197)	**(3,466)**	(1,985)
Balances with related parties						
Trade and other receivables from related parties	**—**	—	**1**	1	**18**	21
Trade and other payables to related parties	**—**	(38)	**(16)**	(31)	**(273)**	(157)
Loans receivable from related parties	**2**	—	**76**	154	**—**	—

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. Auditors' remuneration

	2021				2020			
	Paid/payable to PwC			**Paid/payable to auditor (if not PwC)**	Paid/payable to PwC			Paid/payable to auditor (if not PwC)
US$ million	**United Kingdom**	**Overseas**	**Total**	**United Kingdom and overseas**	United Kingdom	Overseas	Total	United Kingdom and overseas
Paid to the Company's auditor for audit of the Anglo American plc Annual Report[1]	**5.9**	**1.4**	**7.3**	**—**	1.6	3.9	5.5	—
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	**1.0**	**6.8**	**7.8**	**0.4**	2.4	2.9	5.3	1.2
Total audit fees	**6.9**	**8.2**	**15.1**	**0.4**	4.0	6.8	10.8	1.2
Audit related assurance services	**0.9**	**0.8**	**1.7**	**—**	1.0	0.9	1.9	—
Other assurance services	**1.1**	**1.0**	**2.1**	**—**	0.2	0.9	1.1	0.6
Total non-audit fees	**2.0**	**1.8**	**3.8**	**—**	1.2	1.8	3.0	0.6

(1) $0.6 million of audit fees paid in 2021 related to the audit for the year ended 31 December 2020.

Audit related assurance services includes $1.7 million (2020: $1.9 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 cost 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. Leases for shipping vessels typically run for 1 to 2 years and the majority are priced with reference to a freight index.

Lease liabilities balance and maturity analysis:

US$ million	2021	2020
Amount due for repayment within one year	230	198
Greater than one year, less than two years	125	103
Greater than two years, less than three years	90	58
Greater than three years, less than four years	66	42
Greater than four years, less than five years	58	35
Greater than five years	636	240
Total due for repayment after more than one year	975	478
Total	1,205	676
Effect of discounting	(330)	(133)
Lease liability	875	543

Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

US$ million	2021	2020
Depreciation (see note 11)	303	177
Interest expense (included in finance costs, see note 4)	40	32
Expense relating to short term leases less than 12 months, variable leasing costs and leases of low value	102	123

Amounts recognised in the cash flow statement
In the Consolidated cash flow statement for the year ended 31 December 2021, the total amount of cash paid in respect of leases recognised on the Consolidated balance sheet are split between repayments of principal of $336 million (2020: $195 million) and repayments of interest of $31 million (2020: $26 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
In addition to the lease commitments above, the Group has lease commitments in relation to leases not yet commenced of $369 million.

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.

Other items

38. Leases continued

- 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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards on 1 January 2021 and accordingly the Group's annual Consolidated financial statements for the year ending 31 December 2021 have been prepared under UK-adopted international accounting standards. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the year reported as a result of the change in framework.

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, UK-adopted International Accounting Standards and those parts of the Companies Act 2006 applicable to companies reporting under those standards 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, estimates and disclosures

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2020, except for the changes set out below:

Adoption of new accounting pronouncement

The following new accounting pronouncement became effective in the current reporting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform — Phase 2*.

The adoption of this new accounting pronouncement has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

Change in accounting policy for trading of physically settled contracts

The Group has amended its accounting policy in respect of certain physically-settled contracts relating to the purchase and sale of material produced by third parties (third-party sales). These contracts are entered into and managed collectively to generate a trading margin as part of the Group's Marketing business and are accounted for as derivatives prior to settlement as they meet the definition of net settlement as defined in IFRS 9 *Financial Instruments*. Further detail with respect to the change is included in note 7.

Change in accounting estimate

Due to changes in PGM prices, demand and trading conditions, the classification of iridium and ruthenium has been amended from waste products to by-products with effect from 1 January 2021. This prospective change in estimate has increased the carrying value of inventory at 31 December 2021 by $138 million.

Following the normalisation of the metal refining process at the Platinum Group Metals (PGM) business unit (after the temporary Anglo Converter Plant (ACP) shutdown in 2020) and a review of recent price trends, the PGM inventory valuation model has been reassessed and amended. Further detail with respect to the change is included in note 7.

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 72-75. Further details of our policy on financial risk management are set out in note 23 to the financial statements on pages 210-213. The Group's net debt (including related hedges) at 31 December 2021 was $3.8 billion (2020 (restated): $5.5 billion), representing a gearing level of 10% (2020: 14%). The Group's liquidity position (defined as cash and undrawn committed facilities) of $17.1 billion at 31 December 2021 remains strong. Details of borrowings and facilities are set out in note 21 and note 23 on pages 204 and 210 respectively, and net debt is set out in note 20 on pages 202-203.

The directors have considered the Group's cash flow forecasts for the period to the end of December 2023 under base and downside scenarios with reference to the Group's principal risks as set out within the Group Viability Statement on pages 60 and 61. Further consideration was given to the uncertainty of the impact of the Covid-19 pandemic on both the wider macroeconomic environment, including demand for the Group's products and realised prices, and the Group's operations, including production levels. In each of the downside scenarios modelled (including price reductions of up to 20% against budget, operational incidents and climate change impacts), 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 of at least 12 months from the date of approval of the financial statements. 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 IAS 1 *Presentation of financial statements: disclosure of accounting policies*
- Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors: definition of accounting estimates*
- Amendments to IAS 12 *Income Taxes: deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 37 *Provisions, contingent liabilities and contingent assets: onerous contracts*

Other items

39. Accounting policies continued

- 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 become 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 these items. The Group considers that assets for significant new projects reach their intended use when the project achieves commercial production. A number of factors are considered in this assessment.

Significant judgement is required in allocating costs between those associated with production of output before the item of property, plant and equipment is available for its intended use, and 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. Particular judgement has been identified in the allocation of the costs for employees and contractors working on both activities related to production and activities related to the development of the project.

The Group has substantially concluded its impact assessment of the amendment. The impact of applying the amendment during the year ended 31 December 2021 would have been to increase revenue by $103 million with a similar impact on operating costs and an insignificant impact on property, plant and equipment.

The Group's Quellaveco copper project is the most significant project impacted by the amendment to IAS 16 during 2022. All production and sales from Quellaveco in 2022 are expected to arise before commercial production is achieved, and as a result revenue and associated costs that would previously have been capitalised against project assets will now be recognised in the Consolidated income statement.

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.

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 $3.41 per share to Epoch, $5.30 per share to Epoch Two and $4.40 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

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39. Accounting policies continued

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 2021 the Investment Companies together held 112,300,129 (2020: 112,300,129) Anglo American plc shares, which represented 8.4% (2020: 8.2%) of the ordinary shares in issue (excluding treasury shares) with a market value of $4,574 million (2020: $3,720 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 from contracts with customers 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. 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. Revenue from contracts with customers is measured at the fair value of consideration received or receivable as at the date control is transferred, after deducting discounts, volume rebates, value added tax and other sales taxes. 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 or a specified period to that date. 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 with reference to 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 from contracts with customers at the point control passes. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Physically-settled contracts relating to the purchase and sale of material produced by third parties (third-party sales) are presented on a net basis within revenue from other sources where these contracts are entered into and managed collectively to generate a trading margin as part of the Group's Marketing business and are accounted for as derivatives prior to settlement. This includes third-party material purchased for blending activities conducted to benefit from short-term pricing differentials (usually of less than twelve months). The sale and purchase of third-party material to mitigate shortfalls in the Group's own production are shown on a gross basis with sales reported within revenue from contracts with customers as such contracts are used to maintain customer relationships and fulfil physical sale commitments rather than to generate a trading margin.

Where the Group enters into commodity sale or purchase agreements in the course of its commodity trading activities in which the seller has a right to repurchase, consideration is given to whether the risks and rewards of ownership have been transferred as a result of the sale. This assessment is made with reference to the criteria in IFRS 9 *Financial Instruments*. Key considerations in this assessment include whether the purchaser has a practical ability to use the commodity and whether price risk has been transferred.

Where risks and rewards have been transferred, the sale or purchase contract is accounted for separately from the repurchase obligation (which is recorded as a derivative financial instrument). Where risks and rewards have not been transferred or the arrangements do not relate to the Group's commodity trading activities, any consideration received or paid is recorded as a liability or asset as appropriate and no adjustment is made to revenue or inventory.

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.

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.

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39. Accounting policies continued

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.

All cash flows relating to interest on borrowings are presented within interest paid in the cash flow statement.

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

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39. Accounting policies continued

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. Indefinite lived intangible assets are principally brands for which there is global recognition with no foreseeable timeframe of expected contribution that the Group is continuing to invest and actively market. 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.

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

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39. Accounting policies continued

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.

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 and are disclosed separately to the extent that they are material. 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.

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39. Accounting policies continued

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. 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. Derivatives are classified as current or non-current depending on the contractual maturity of the derivative.

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.

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 22) as a cash flow hedge of future revenue cash flows from the Woodsmith project. At 31 December 2021 the derivative has a negligible 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 revenue 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, SONIA 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.

Other items

39. Accounting policies continued

USD LIBOR is expected to be replaced by alternative risk-free rates as part of inter-bank offer rate (IBOR) reform. Phase 2 IBOR amendments to IFRS 9 *Financial Instruments*, IAS 39 *Hedge Accounting*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* were adopted in the year with no material impact to the Group.

The Group is continuing its transition to incorporate alternative risk-free rates and the principal benchmarks used are EURIBOR, SONIA and USD LIBOR. The Group is continuing to monitor the market and discussing the potential changes with its counterparties in order to effectively transition to alternative risk-free rates. During the year, the Group has adhered to International Swaps and Derivative Association (ISDA) fallback protocol to ensure appropriate rates may be applied to relevant derivative instruments on cessation in the event transition to alternative risk-free rates is not completed in advance of cessation. The Group does not hold any material lease agreements that contain references to existing benchmarks and as a result there is no material impact on the lease liabilities or right-of-use assets at 31 December 2021.

See note 22 for a summary of the Group's current transition of financial instruments to alternative risk-free rates.

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.

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.

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.

Other items

39. Accounting policies continued

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 Parent Company, Anglo American plc, as at 31 December 2021

US$ million	Note	2021	2020
Fixed assets			
Investment in subsidiaries	1	31,796	31,651
Financial asset investments		3	—
		31,799	31,651
Current assets			
Amounts due from Group undertakings		574	301
Cash at bank and in hand		—	6
		574	307
Creditors due within one year			
Amounts owed to Group undertakings		(224)	(217)
Other payables		(186)	—
		(410)	(217)
Net current assets		164	90
Total assets less current liabilities		31,963	31,741
Net assets		31,963	31,741
Capital and reserves			
Called-up share capital	2	737	749
Share premium account	2	2,558	4,358
Capital redemption reserve	2	150	138
Other reserves	2	1,955	1,955
Retained earnings	2	26,563	24,541
Total shareholders' funds		31,963	31,741

The profit after tax for the year of the Parent Company amounted to $4,989 million (2020: $535 million).

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 23 February 2022 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

1. Investment in subsidiaries

US$ million	2021	2020
Cost		
At 1 January	31,659	30,893
Capital contributions[1]	145	130
Additions	719	645
Disposals	(719)	(9)
At 31 December	31,804	31,659
Provisions for impairment		
At 1 January	(8)	(17)
Impairment on disposals	—	9
At 31 December	(8)	(8)
Net book value	31,796	31,651

(1) This amount represents the Group share-based payment charge and is net of $16 million (2020: $15 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 2020	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
Profit for the financial year	—	—	—	—	4,989	4,989
Dividends[1]	—	—	—	—	(2,983)	(2,983)
Share buyback	—	—	—	—	(1,000)	(1,000)
Net purchase of treasury shares under employee share schemes	—	—	—	—	(227)	(227)
Shares cancelled during the year	(12)	—	12	—	—	—
Capital contribution to Group undertakings	—	—	—	—	161	161
In specie return of capital relating to Thungela demerger	—	(1,800)	—	—	1,085	(715)
Other	—	—	—	—	(3)	(3)
At 31 December 2021	737	2,558	150	1,955	26,563	31,963

(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 2021 of 118 US cents per share (see note 6 to the Consolidated financial statements).

Fees payable to PwC for non-audit services to the Parent 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 Parent 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 Parent 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 Parent Company's accounting policies.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these financial statements.

The Parent 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 Parent Company has applied the requirements of IFRS 2 *Share-based Payments*.

The Parent 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 Parent 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 Parent 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 Parent Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Parent 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 Parent 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 Parent 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 270.

Marketing activities are allocated to the underlying operation to which they relate.

								2021
US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1]	Underlying EBITDA	Underlying EBIT	Underlying earnings	Capital expenditure
	'000 cts	$/ct	$/ct					
De Beers	33,357 (2)	146 (3)	58 (4)	5,602 (5)	1,100	620	345	565
Mining								
Botswana	n/a	152 (3)	32 (4)	n/a	464	407	n/a	72
Namibia	n/a	565 (3)	359 (4)	n/a	101	68	n/a	91
South Africa	n/a	113 (3)	45 (4)	n/a	241	82	n/a	309
Canada	n/a	62 (3)	44 (4)	n/a	68	4	n/a	42
Trading	n/a	n/a	n/a	n/a	515	505	n/a	4
Other[6]	n/a	n/a	n/a	n/a	(289)	(446)	n/a	47
	kt	c/lb	c/lb					
Base Metals	n/a	n/a	n/a	7,143	4,331	3,689	1,798	1,802
Copper	641 (7)	453 (8)	120 (9)	6,433	4,011	3,428	1,519	1,773
Los Bronces[10]	325	n/a	158 (9)	3,047	1,871	1,588	n/a	493
Collahuasi[11]	273	n/a	61 (9)	2,641	2,188	1,970	1,307	365
Quellaveco[12]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	777
Other Copper[13]	43	n/a	n/a	745	(48)	(130)	n/a	138
Nickel	42	773	377 (14)	710	320	261	279	29
	koz	$/PGM oz	$/PGM oz					
Platinum Group Metals	5,214 (15)	2,761 (16)	868 (17)	14,502	7,099	6,753	3,789	894
Mogalakwena	1,479 (15)	2,563 (16)	694 (17)	3,787	2,611	2,471	n/a	435
Amandelbult	907 (15)	3,122 (16)	1,127 (17)	2,817	1,633	1,571	n/a	81
Processing and trading[18]	1,772 (15)	n/a	n/a	4,817	1,138	1,110	n/a	n/a
Other[19]	1,056	2,935	899	3,081	1,717	1,601	n/a	378
	Mt	$/t	$/t					
Bulk Commodities	n/a	n/a	n/a	14,771	8,148	7,059	3,663	1,277
Iron Ore	63.3 (20)	157 (21)	33 (22)	11,104	6,871	6,359	3,231	628
Kumba Iron Ore[23]	40.3 (20)	161 (21)	39 (22)	6,958	4,311	3,960	1,442	417
Iron Ore Brazil (Minas-Rio)	23.0 (20)	150 (21)	24 (22)	4,146	2,560	2,399	1,789	211
Metallurgical Coal	14.1 (24)	200 (25)	105 (26)	2,899	962	450	300	649
Manganese (Samancor)[27]	3.7	n/a	n/a	768	315	250	132	–
Crop Nutrients	n/a	n/a	n/a	114	(41)	(42)	(39)	530
Woodsmith	n/a	n/a	n/a	n/a	n/a	n/a	n/a	530
Other[28]	n/a	n/a	n/a	114	(41)	(42)	(39)	–
Corporate and other	n/a	n/a	n/a	1,126	(3)	(289)	(631)	125
Exploration	n/a	n/a	n/a	n/a	(128)	(132)	(120)	–
Corporate activities and unallocated costs	n/a	n/a	n/a	354	(63)	(270)	(600)	44
Thermal Coal – South Africa[29]	5.3 (30)	77 (31)	46 (32)	553	101	70	61	81
Thermal Coal – Colombia[33]	3.4	65	34	219	87	43	28	–
	n/a	n/a	n/a	43,258	20,634	17,790	8,925	5,193

See page 260 for footnotes.

2020 (restated)

US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1] (restated)	Underlying EBITDA	Underlying EBIT	Underlying earnings	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					
Base Metals	n/a	n/a	n/a	4,733	2,070	1,306	684	1,476
Copper	648 [7]	299 [8]	113 [9]	4,199	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 Copper[13]	45	n/a	n/a	419	(83)	(150)	n/a	70
Nickel	43	563	334 [14]	534	206	79	77	33
	koz	$/PGM oz	$/PGM oz					
Platinum Group Metals	2,869 [15]	2,035 [16]	713 [17]	6,604	2,555	2,270	1,068	571
Mogalakwena	839 [15]	2,065 [16]	530 [17]	1,720	1,059	944	n/a	273
Amandelbult	501 [15]	2,228 [16]	1,031 [17]	1,108	474	429	n/a	56
Processing and trading[18]	953 [15]	n/a	n/a	2,481	460	436	n/a	n/a
Other[19]	576	2,083	757	1,295	562	461	n/a	242
	Mt	$/t	$/t					
Bulk Commodities	n/a	n/a	n/a	10,511	4,919	3,868	2,234	1,200
Iron Ore	64.2 [20]	111 [21]	27 [22]	7,905	4,565	4,091	2,474	517
Kumba Iron Ore[23]	40.4 [20]	113 [21]	31 [22]	4,880	2,702	2,386	850	354
Iron Ore Brazil (Minas-Rio)	23.8 [20]	107 [21]	21 [22]	3,025	1,863	1,705	1,624	163
Metallurgical Coal	16.9 [24]	109 [25]	86 [26]	1,909	50	(468)	(362)	683
Manganese (Samancor)[27]	3.6	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[28]	n/a	n/a	n/a	107	1	1	(11)	—
Corporate and other	n/a	n/a	n/a	1,550	(160)	(395)	(738)	205
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
Thermal Coal – South Africa	16.6 [30]	57 [31]	38 [32]	1,150	(15)	(81)	(112)	184
Thermal Coal – Colombia[33]	4.5	46	39	209	—	(83)	(80)	—
	n/a	n/a	n/a	26,883	9,802	7,050	3,135	4,125

(1) Group revenue is shown after deduction of treatment and refining charges (TC/RCs). Third-party trading amounts restated from a gross to a net presentation. See note 7 for further details.
(2) Total sales volumes on a 100% basis were 36.3 million carats (2020: 22.7 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 $4.9 billion (2020: $2.8 billion).
(6) Other includes Element Six, Brands and consumer markets, acquisition accounting adjustments and corporate.
(7) Excludes 432 kt third-party sales (2020: 453 kt).
(8) Represents realised price and excludes impact of third-party sales.
(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. 2021 capex on a 100% basis is $1,295 million, of which the Group's share is $777 million. 2020 capex on a 100% basis was $1,314 million, of which the Group's share was $788 million.
(13) Other operations includes El Soldado and Chagres (figures on a 100% basis, Group's share: 50.1%). Financials include third-party sales and purchases, projects and corporate costs.
(14) C1 unit cost.
(15) Sales volumes exclude the sale of refined metal purchased from third parties and toll material. PGM volumes is 5E metals and gold.
(16) Average US$ realised basket price, based on sold ounces (own mined and purchased concentrate). Excludes the impact of the sale of refined metal purchased from third parties.
(17) Total cash operating costs (includes on-mine, smelting and refining costs only) per own mined PGM ounce of production.
(18) Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.
(19) Includes Unki, Mototolo and PGMs' share of joint operations (Kroondal and Modikwa).
(20) Sales volumes are reported as wet metric tonnes. The comparative has been restated as Kumba previously reported on a dry basis. Product is shipped with c.9% moisture from Minas-Rio and c.1.6% moisture from Kumba. Total iron ore is the sum of Kumba and Minas-Rio.
(21) Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha) (wet basis) and the comparative has been restated as Kumba previously reported on a dry basis. Prices for Minas-Rio are the average realised export basket price (FOB Brazil) (wet basis). Prices for total iron ore are a blended average.
(22) Unit costs are reported on an FOB wet basis. The comparative has been restated as Kumba previously reported on a dry basis. Unit costs for total iron ore are a blended average.
(23) Sales volumes and realised price differ to Kumba's stand-alone reported results due to sales to other Group companies.
(24) Sales volumes exclude thermal coal sales of 2.1 Mt (2020: 2.3 Mt).
(25) Realised price is the weighted average hard coking coal and PCI sales price achieved at managed operations.
(26) FOB cost per saleable tonne, excluding royalties and study costs.
(27) Sales and financials include ore and alloy.
(28) Other comprises projects and corporate costs as well as the share in associate results from The Cibra Group, a fertiliser distributor based in Brazil.
(29) Thermal Coal – South Africa mining activity included until the demerger on 4 June 2021, with prior year comparison up to 31 December 2020.
(30) 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 5.3 Mt (2020: 12.4 Mt) and third-party sales of 6.4 Mt (2020: 9.4 Mt).
(31) 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.
(32) FOB cost per saleable tonne from the trade operations, excluding royalties and study costs.
(33) Represents the Group's attributable share from its 33.3% shareholding in Cerrejón. The sale of Anglo American's interest in Cerrejón was completed on 11 January 2022 following receipt of the relevant regulatory approvals. The agreement is effective 31 December 2020 and, therefore, economic benefits from 1 January 2021 have not accrued to Anglo American. Metrics reflect earnings and volumes from the first half of the year only, before the agreement was entered into.

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 270.

US$ million (unless otherwise stated)	2021	2020 (restated)	2019	2018	2017	2016	2015	2014	2013	2012 (restated)(1)
Income statement measures										
Group revenue(2)	**43,258**	26,883	31,825	30,196	28,650	23,142	23,003	30,988	33,063	32,785
Underlying EBIT	**17,790**	7,050	7,010	6,377	6,247	3,766	2,223	4,933	6,620	6,253
Underlying EBITDA	**20,634**	9,802	10,006	9,161	8,823	6,075	4,854	7,832	9,520	8,860
Revenue(2)	**41,554**	25,447	29,870	27,610	26,243	21,378	20,455	27,073	29,342	28,680
Net finance costs (before special items and remeasurements)	**(277)**	(775)	(420)	(380)	(473)	(209)	(458)	(256)	(276)	(299)
Profit/(loss) before tax	**17,629**	5,464	6,146	6,189	5,505	2,624	(5,454)	(259)	1,700	(171)
Profit/(loss) for the financial year	**11,699**	3,328	4,582	4,373	4,059	1,926	(5,842)	(1,524)	426	(564)
Non-controlling interests	**(3,137)**	(1,239)	(1,035)	(824)	(893)	(332)	218	(989)	(1,387)	(906)
Profit/(loss) attributable to equity shareholders of the Company	**8,562**	2,089	3,547	3,549	3,166	1,594	(5,624)	(2,513)	(961)	(1,470)
Underlying earnings	**8,925**	3,135	3,468	3,237	3,272	2,210	827	2,217	2,673	2,860
Balance sheet measures										
Capital employed	**38,312**	37,970	35,576	32,269	32,813	31,904	32,842	43,782	46,551	49,757
Net assets	**34,770**	32,766	31,385	29,832	28,882	24,325	21,342	32,177	37,364	43,738
Non-controlling interests	**(6,945)**	(6,942)	(6,590)	(6,234)	(5,910)	(5,309)	(4,773)	(5,760)	(5,693)	(6,127)
Equity attributable to equity shareholders of the Company	**27,825**	25,824	24,795	23,598	22,972	19,016	16,569	26,417	31,671	37,611
Cash flow measures										
Cash flows from operations	**20,588**	7,998	9,260	7,782	8,375	5,838	4,240	6,949	7,729	7,370
Capital expenditure	**(5,193)**	(4,125)	(3,840)	(2,818)	(2,150)	(2,387)	(4,177)	(6,018)	(6,075)	(5,947)
Net debt(3)	**(3,842)**	(5,530)	(4,535)	(2,848)	(4,501)	(8,487)	(12,901)	(12,871)	(10,652)	(8,510)
Metrics and ratios										
Underlying earnings per share (US$)	**7.22**	2.53	2.75	2.55	2.57	1.72	0.64	1.73	2.09	2.28
Earnings per share (US$)	**6.93**	1.69	2.81	2.80	2.48	1.24	(4.36)	(1.96)	(0.75)	(1.17)
Ordinary dividend per share (US cents)	**289**	100	109	100	102	—	32	85	85	85
Ordinary dividend cover (based on underlying earnings per share)	**2.5**	2.5	2.5	2.6	2.5	—	2.0	2.0	2.5	2.7
Underlying EBIT margin	**41.1%**	26.2%	22.0%	21.1%	21.8%	16.3%	9.7%	15.9%	20.0%	19.1%
Underlying EBIT interest cover(4)	**45.2**	11.2	18.0	19.9	16.5	16.7	10.1	30.1	35.8	36.8
Underlying effective tax rate	**31.4%**	31.2%	30.8%	31.3%	29.7%	24.6%	31.0%	29.8%	32.0%	29.0%
Gearing (net debt to total capital)(5)	**10%**	14%	13%	9%	13%	26%	38%	29%	22%	16%

(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) Third-party trading amounts restated from a gross to a net presentation in 2020. See note 7 for further details. Amounts prior to 2020 have not been restated.
(3) The Group has amended the definition of net debt during the year to exclude variable vessel leases. The amounts for 2020 and 2019 have therefore been restated from $5,575 million (2019: $4,626 million) to $5,530 million (2019: $4,535 million).
(4) 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.
(5) 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 and variable vessel leases).

Exchange rates and commodity prices

US$ exchange rates	2021	2020
Year end spot rates		
South African rand	15.96	14.69
Brazilian real	5.57	5.19
Sterling	0.74	0.73
Australian dollar	1.38	1.30
Euro	0.88	0.81
Chilean peso	852	712
Botswana pula	11.75	10.80
Peruvian sol	3.99	3.62
Average rates for the year		
South African rand	14.79	16.46
Brazilian real	5.40	5.16
Sterling	0.73	0.78
Australian dollar	1.33	1.45
Euro	0.85	0.88
Chilean peso	761	792
Botswana pula	11.08	11.42
Peruvian sol	3.88	3.50

Commodity prices		2021	2020
Year end spot prices			
Copper[1]	US cents/lb	440	351
Platinum[2]	US$/oz	962	1,075
Palladium[2]	US$/oz	1,928	2,370
Rhodium[3]	US$/oz	14,150	17,000
Iron ore (62% Fe CFR)[4]	US$/tonne	119	159
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	147	177
Hard coking coal (FOB Australia)[4]	US$/tonne	357	103
PCI (FOB Australia)[4]	US$/tonne	244	92
Nickel[1]	US cents/lb	949	750
Manganese ore (44% CIF China)[5]	US$/dmtu	5.60	4.27
Average market prices for the year			
Copper[1]	US cents/lb	423	280
Platinum[2]	US$/oz	1,086	885
Palladium[2]	US$/oz	2,388	2,197
Rhodium[3]	US$/oz	20,109	11,220
Iron ore (62% Fe CFR)[4]	US$/tonne	160	109
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	185	120
Hard coking coal (FOB Australia)[4]	US$/tonne	226	124
PCI (FOB Australia)[4]	US$/tonne	164	78
Nickel[1]	US cents/lb	839	625
Manganese ore (44% CIF China)[5]	US$/dmtu	5.21	4.67

(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.

Ore Reserves and Mineral Resources

as at 31 December 2021

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 (CPs) as defined in the JORC or SAMREC Codes. All CPs 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 CPs consent to the inclusion in this report of the information in the form and context in which it appears. The names of the CPs along with their Recognised Professional Organisation (RPO) affiliation and years of relevant experience are listed in the Ore Reserves and Mineral Resources Report 2021.

The Anglo American Group of companies are subject to reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified CPs from within the Anglo American Group or independent consultants. The frequency and depth of review 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 subjected to independent third-party reviews during the year are indicated in footnotes to the tables in the Ore Reserves and Mineral Resources Report 2021.

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 using estimates of future supply and demand and long term economic outlooks. The calculation of Ore Reserve and Mineral Resource estimates are based on long term prices determined at the beginning of the second quarter of each year. Ore Reserves are dynamic and 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 in time and tend to be mostly influenced by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

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 estimates of grade and tonnage. This includes considering the quality of the underlying sample data, the demonstrated continuity of the geology, the likely precision of grade estimates and density estimates that collectively affect confidence in the Mineral Resource. Most business units have developed commodity-specific 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 appropriate category of Mineral Resource depends upon the quantity, distribution and quality of geoscientific information available and the level of confidence in these data.

Anglo American makes use of a web-based group reporting database called the Anglo Reserve and Resource Reporting system (ARR) for the compilation, review and approval of Ore Reserve and Mineral Resource reporting. The system allows the CPs to capture the estimates, year-on-year reconciliations and other supplementary information thus supporting this Ore Reserves and Mineral Resources publication.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2021. The figures in the tables are rounded, and if used to derive totals and averages, minor differences may result. 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 Resources should not be added to Ore Reserves as Modifying Factors have been applied to Ore Reserves.

The Ore Reserves and Mineral Resources Report 2021 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 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 LOM Plan.

The Ownership (Attributable) Percentage that Anglo American holds in each operation and project is presented beside the name of each entity and reflects the Group's share of equity owned. The reported estimates represent 100% of the Ore Reserves and Mineral Resources. Operations and projects which fall below the internal threshold for reporting (25% attributable interest) are not reported.

On 4 June 2021, Anglo American demerged its thermal coal operations in South Africa into a newly incorporated company, Thungela Resources Limited. Operations or projects from the Coal South Africa business are not reported.

Ore Reserves and Mineral Resources are reported for properties over which mineral tenure has been granted and are valid, or where applications have been submitted or will be submitted at the appropriate time and there is a reasonable expectation that the rights will be granted in due course (any associated comments appear in the footnotes in the Ore Reserves and Mineral Resources Report 2021).

Risk registers related to Ore Reserves and Mineral Resources are maintained for each operation, covering key risks pertaining to, but not limited to, technical, environmental, social, health, safety, economic and political aspects. Mitigation measures are put in place to address the material risks at each operation.

→ The detailed Ore Reserve and Mineral Resource estimates, Ore Reserve and Mineral Resource reconciliation overview, Definitions and Glossary are contained in the separate Ore Reserves and Mineral Resources Report 2021 which is available in the Annual Reporting Centre on the Anglo American website.

Estimated Ore Reserves[1]

as at 31 December 2021

Detailed Proved and Probable estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2021.

					Total Proved and Probable		
DIAMOND[3] OPERATIONS – DBCi (See page 14 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	9	41.0	27.5	149.2
DIAMOND[3] OPERATIONS – DBCM (See page 15 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	26	2.5	3.3	78.0
Venetia (UG)	Kimberlite		UG		62.9	91.1	69.0
DIAMOND[3] OPERATIONS – Debswana (See pages 16 & 17 in R&R Report for details)		Ownership %	Mining Method	LOM[2] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Jwaneng	Kimberlite	42.5	OP	15	138.9	111.9	124.2
Letlhakane	TMR	42.5	n/a	22	5.2	26.8	19.4
Orapa	Kimberlite	42.5	OP	16	151.2	102.8	147.1
DIAMOND[3] OPERATIONS – Namdeb (See page 18 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	21	96	1,450	6.62
Orange River	Fluvial Placers	42.5	OC	3	76	7,691	0.99
					Saleable Carats (kct)	Area $k(m^2)$	Recovered Grade (cpm^2)
Atlantic 1	Marine Placers	42.5	MM	34	7,791	132,146	0.06
COPPER OPERATIONS (See pages 20 & 22 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	86	25,990	2,673.7	0.97
	Low Grade Sulphide (incl. stockpile)				7,245	1,493.4	0.49
El Soldado	Sulphide	50.1	OP	6	340	43.3	0.78
Los Bronces	Sulphide – Flotation	50.1	OP	36	6,975	1,274.7	0.55
	Sulphide – Dump Leach				1,325	481.0	0.28
Quellaveco	Sulphide – Flotation	60.0	OP	36	8,888	1,667.3	0.53
NICKEL OPERATIONS (See page 24 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	626	48.2	1.30
Niquelândia	Saprolite	100	OP	13	77	6.2	1.24
PLATINUM[4] OPERATIONS (See pages 26 & 27 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	78.8	UG	>19	13.6	93.9	4.52
Mogalakwena	Platreef (incl. stockpiles)	78.8	OP	>19	116.7	1,228.3	2.96
Mototolo Complex	UG2 Reef	78.8	UG	>19	13.5	121.7	3.45
Unki	Main Sulphide Zone	78.8	UG	21	5.6	53.1	3.29
Non-Managed	UG2 Reef	44.8	UG	n/a	7.4	61.9	3.70

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

KUMBA IRON ORE OPERATIONS (See page 31 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Saleable Product (Mt)	Grade (%Fe)
Kolomela	Hematite (incl. stockpile)	53.2	OP	13	141	64.7
Sishen	Hematite (incl. stockpile)	53.2	OP	18	425	63.2

IRON ORE BRAZIL OPERATIONS (See page 33 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	52	682	67.1
	Itabirite				1,033	67.1

COAL OPERATIONS – Australia (See pages 34 &35 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Saleable Tonnes[6] (Mt)	Saleable Quality
Capcoal (OC)*	Metallurgical – Coking	79.2	OC	18	34.6	5.0 CSN
	Metallurgical – Other				47.1	6,750 kcal/kg
	Thermal – Export				11.4	5,970 kcal/kg
Capcoal (UG)*	Metallurgical – Coking	70.0	UG	1	0.8	8.5 CSN
Capcoal (UG) – Aquila*	Metallurgical – Coking	70.0	UG	6	31.0	9.0 CSN
Dawson	Metallurgical – Coking	51.0	OC	16	68.9	7.0 CSN
	Thermal – Export				60.9	6,670 kcal/kg
Grosvenor	Metallurgical – Coking	88.0	UG	15	70.7	8.0 CSN
Moranbah North	Metallurgical – Coking	88.0	UG	23	159.8	7.5 CSN

COAL OPERATIONS – Colombia (See page 34 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	12	317.4	6,240 kcal/kg

SAMANCOR MANGANESE OPERATIONS (See page 38 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[2] (years)	Tonnes (Mt)	Grade (%Mn)
GEMCO[7]	ROM	40.0	OP	5	40	43.0
	Sands				6.3	40.0
Mamatwan		29.6	OP	15	47	36.4
Wessels		29.6	UG	43	60	41.4

Operations = Mines in steady-state or projects in ramp-up phase. 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 which is replaced by Aquila.

(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 (LOM) Plan. LOM = Life of Mine (years) is based on scheduled Probable Reserves including some Inferred Resources considered for LOM 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).

(7) GEMCO Ore Reserve manganese grades are reported as expected product and should be read together with their respective mass yields, ROM: 60%, Sands: 20%.

Estimated Mineral Resources[1]

as at 31 December 2021

Detailed Measured, Indicated and Inferred estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2021.

				Total Measured and Indicated			Total Inferred[2]		
DIAMOND[3] OPERATIONS – DBCi (See page 14 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	3.0	2.4	124.7	20.3	11.8	172.3
DIAMOND[3] OPERATIONS – DBCM (See page 15 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	–	–	–	1.0	4.1	24.7
Venetia (UG)	Kimberlite		UG	–	–	–	57.2	68.9	83.1
DIAMOND[3] OPERATIONS – Debswana (See pages 16 & 17 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	25.2	21.9	4.7	19.0	24.5
Jwaneng	Kimberlite	42.5	OP	51.8	65.2	79.5	69.2	83.2	83.2
	TMR & ORT		n/a	–	–	–	20.5	25.4	80.9
Letlhakane	TMR & ORT	42.5	n/a	0.7	0.0	6,554.6	14.0	52.7	26.7
Orapa	Kimberlite	42.5	OP	271.7	280.4	96.9	66.4	78.0	85.2
DIAMOND[3] OPERATIONS – Namdeb (See page 18 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	270	38,824	0.70	3,167	194,233	1.63
Orange River	Fluvial Placers	42.5	OC	87	22,847	0.38	201	62,484	0.32
				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	12,282	177,404	0.07	65,140	921,670	0.07
Midwater	Marine	42.5	MM	1,018	6,353	0.16	710	6,149	0.12
COPPER OPERATIONS (See pages 21 & 22 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	489	69.1	0.71	281	48.4	0.58
	Sulphide (direct feed)			8,877	976.1	0.91	26,488	2,962.6	0.89
	Low Grade Sulphide (*in situ* & stockpile)			1,799	383.0	0.47	8,296	1,800.4	0.46
El Soldado	Sulphide	50.1	OP	782	139.3	0.56	51	11.7	0.44
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
Quellaveco	Sulphide – Flotation	60.0	OP	2,658	680.4	0.39	3,470	905.9	0.38
NICKEL OPERATIONS (See page 24 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	137	12.5	1.09	111	9.3	1.20
	Ferruginous Laterite			87	6.9	1.26	48	4.2	1.15
Niquelândia	Saprolite	100	OP	32	2.5	1.25	–	–	–
	Ferruginous Laterite			–	–	–	36	3.2	1.13

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

PLATINUM[4] OPERATIONS (See pages 28 & 30 in R&R Report for details)		Ownership %	Mining Method	Total Measured and Indicated: Contained Metal (4E Moz)	Total Measured and Indicated: Tonnes (Mt)	Total Measured and Indicated: Grade (4E g/t)	Total Inferred[2]: Contained Metal (4E Moz)	Total Inferred[2]: Tonnes (Mt)	Total Inferred[2]: Grade (4E g/t)
Amandelbult Complex	MR & UG2 Reefs	78.8	UG	54.4	286.4	5.91	23.0	114.0	6.26
Mogalakwena	Platreef (incl. stockpiles)	78.8	OP	126.7	1,728.0	2.28	23.9	425.3	1.75
Mototolo Complex	MR & UG2 Reefs	78.8	UG	28.5	207.8	4.26	26.7	197.7	4.20
Twickenham	MR & UG2 Reefs	78.8	UG	60.7	335.7	5.62	56.0	313.9	5.55
Unki	Main Sulphide Zone	78.8	UG	16.8	121.2	4.32	4.1	31.7	4.04
Non-Managed	MR & UG2 Reefs	38.9	UG	120.0	683.6	5.46	99.7	602.8	5.14

KUMBA IRON ORE OPERATIONS (See page 31 in R&R Report for details)		Ownership %	Mining Method	Total Measured and Indicated: Tonnes (Mt)	Total Measured and Indicated: Grade (%Fe)	Total Inferred: Tonnes (Mt)	Total Inferred: Grade (%Fe)
Kolomela	Hematite (*in situ* & stockpile)	53.2	OP	99.1	63.0	30.4	63.5
Sishen	Hematite (*in situ* & stockpile)	53.2	OP	399.2	57.2	37.2	54.7

IRON ORE BRAZIL OPERATIONS (See page 33 in R&R Report for details)		Ownership %	Mining Method	Total Measured and Indicated: Tonnes[5] (Mt)	Total Measured and Indicated: Grade[5] (%Fe)	Total Inferred: Tonnes[5] (Mt)	Total Inferred: Grade[5] (%Fe)
Serra do Sapo	Friable Itabirite and Hematite	100	OP	258.6	32.6	55.8	36.6
	Itabirite			1,441.4	31.0	442.6	30.9

COAL OPERATIONS – Australia (See pages 35 & 36 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: MTIS[6] (Mt)	Total Inferred: Coal Quality (kcal/kg)
Capcoal (OC)*	79.2	OC	140.5	6,900	137.0	6,840
Capcoal (UG)*	70.0	UG	81.1	6,810	5.6	6,550
Capcoal (UG) – Aquila*	70.0	UG	38.0	6,660	3.8	6,630
Dawson	51.0	OC	757.1	6,710	455.8	6,760
Grosvenor[6]	88.0	UG	294.5	6,460	95.9	6,390
Moranbah North[6]	88.0	UG	178.3	6,670	25.4	6,530

COAL OPERATIONS – Colombia (See page 35 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: MTIS[6] (Mt)	Total Inferred: Coal Quality (kcal/kg)
Cerrejón	33.3	OC	4,165.1	6,560	601.7	6,360

SAMANCOR MANGANESE OPERATIONS (See page 38 in R&R Report for details)		Ownership %	Mining Method	Total Measured and Indicated: Tonnes (Mt)	Total Measured and Indicated: Grade (%Mn)	Total Inferred: Tonnes (Mt)	Total Inferred: Grade (%Mn)
GEMCO[7][8]	ROM	40.0	OP	114	43.5	28	44.2
	Sands			9.2	19.4	—	—
Mamatwan[7]		29.6	OP	76	35.0	0.4	36.0
Wessels[7]		29.6	UG	120	41.7	22	40.8

Operations = Mines in steady-state or projects in ramp-up phase. 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 which is replaced by Aquila.

(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 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 BCOs 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. Grosvenor and Moranbah North operations have been reported on a Gross Tonnes *In Situ* (GTIS) basis in million tonnes. 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-offs.

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 2022, 2021, 2020, 2019 and 2018, data excludes results from De Beers' joint operations in Namibia and Botswana. 2017 data includes results from De Beers' joint operations in Namibia and Botswana. See Anglo American plc Sustainability Report 2021 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 2020 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. Measures used by the Group exclude the impact of certain items, which impact the financial performance and cash flows, in order to aid comparability of financial information reported. The adjustments performed to defined IFRS measures and rationale for adjustment are detailed on pages 270 to 272.

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 – Revenue special items and remeasurements	– Exclude the effect of different basis of consolidation to aid comparability – Exclude the impact of certain items due to their size and nature to aid comparability
Underlying EBIT	Profit/(loss) before net finance income/(costs) and tax	– Revenue, 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	– Revenue, 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

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
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
Mining EBITDA margin	Operating profit margin, defined by IFRS	– Revenue from associates and joint ventures – Revenue, 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 are adjusted to exclude vessel lease contracts that are priced with reference to a freight index – Borrowings do not include the royalty liability (note 22) 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 – Exclude the volatility arising from vessel lease contracts that are priced with reference to a freight index. These liabilities are required to be remeasured at each reporting date to the latest spot freight rate, which means that the carrying value of the lease liability is not necessarily consistent with the average lease payments which are expected to be made over the lease term
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

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
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	– 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. 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 and excludes revenue special items and remeasurements. Following the agreement for the disposal of the Group's Cerrejón associate, revenue has been classified as a special item. 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)	2021	2020 (restated)
Underlying EBITDA	20,634	9,802
Group revenue[1]	43,258	26,883
Margin	48%	36%
Adjustments for:		
Debswana adjustment to reflect as a 50/50 joint operation	2%	2%
Exclude third-party purchases, trading activity and processing[2]	6%	5%
Mining EBITDA margin	56%	43%

(1) Third-party trading amounts restated from a gross to a net presentation. See note 7 for further details.

(2) 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 variable vessel lease contracts that are priced with reference to a freight index, and 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 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 2021 principally related to Quellaveco and the Woodsmith project (2020: Quellaveco, Woodsmith and construction of another diamond recovery vessel (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, vessel lease contracts that are priced with reference to a freight index, the debit valuation adjustment attributable to derivatives hedging 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 %	
	2021	2020 (restated)[1]
De Beers	7	—
Copper	39	19
Nickel	21	5
Platinum Group Metals	140	48
Iron Ore	62	41
Metallurgical Coal	15	(15)
Manganese	104	78
Crop Nutrients	n/a	n/a
Corporate and other	n/a	n/a
	43	17

(1) Comparative totals remain unchanged from what was reported in 2020. Figures have been restated in line with the Group reassessment of its reportable segments, see note 2 for further details.

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
								2021
De Beers	**620**	**(112)**	**508**	**7,712**	**8,415**	**(1,159)**	**7,256**	**7,484**
Copper	**3,428**	**(848)**	**2,580**	**5,897**	**11,232**	**(3,854)**	**7,378**	**6,638**
Nickel	**261**	**—**	**261**	**1,157**	**1,285**	**—**	**1,285**	**1,221**
Platinum Group Metals	**6,753**	**(1,448)**	**5,305**	**4,191**	**4,082**	**(671)**	**3,411**	**3,801**
Iron Ore	**6,359**	**(1,902)**	**4,457**	**7,197**	**8,379**	**(1,210)**	**7,169**	**7,183**
Metallurgical Coal	**450**	**—**	**450**	**3,196**	**2,712**	**—**	**2,712**	**2,954**
Manganese	**250**	**(2)**	**248**	**238**	**238**	**—**	**238**	**238**
Crop Nutrients	**(42)**	**—**	**(42)**	**988**	**1,563**	**—**	**1,563**	**1,276**
Corporate and other	**(289)**	**8**	**(281)**	**893**	**406**	**—**	**406**	**649**
	17,790	**(4,304)**	**13,486**	**31,469**	**38,312**	**(6,894)**	**31,418**	**31,444**

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 restated[1]
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
Nickel	79	—	79	1,925	1,157	—	1,157	1,541
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
Metallurgical Coal	(468)	—	(468)	2,895	3,196	—	3,196	3,045
Manganese	245	(3)	242	380	238	—	238	309
Crop Nutrients	1	—	1	—	988	—	988	494
Corporate and other	(395)	8	(387)	864	857	36	893	879
	7,050	(1,743)	5,307	29,596	37,970	(6,501)	31,469	30,533

[1] Comparative totals for capital employed remain unchanged from what was reported in 2020. Figures have been restated in line with the Group reassessment of its reportable segments, see note 2 for further details.

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 74 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. 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 74 of the Group financial review. Growth capital expenditure in 2021 principally related to Quellaveco and Woodsmith (2020: Quellaveco, Woodsmith and construction of another diamond recovery vessel (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, sales from non-mining activities are excluded. 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 2021 with 2020, the sales volume and cash cost variances exclude the impact of price, foreign exchange and CPI and are hence in real 2020 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]

	2021	2020
De Beers		
Carats recovered ('000 carats) 100% basis (unless otherwise stated)		
Jwaneng	12,893	7,538
Orapa[2]	9,433	9,021
Botswana	22,326	16,559
Debmarine Namibia	1,137	1,125
Namdeb (land operations)	330	323
Namibia	1,467	1,448
Venetia	5,306	3,771
South Africa	5,306	3,771
Gahcho Kué (51% basis)	3,177	3,324
Canada	3,177	3,324
Total carats recovered	32,276	25,102
Sales volumes		
Total sales volume (100%) (Mct)[3]	36.3	22.7
Consolidated sales volume (Mct)[3]	33.4	21.4
Number of Sights (sales cycles)[3]	10	9
Copper[4]		
Los Bronces mine[5]		
Ore mined	43,784,900	39,211,300
Ore processed – Sulphide	50,697,500	42,034,800
Ore grade processed – Sulphide (% TCu)[6]	0.70	0.81
Production – Copper cathode	39,900	39,300
Production – Copper in concentrate	287,800	285,400
Total production	327,700	324,700
Collahuasi 100% basis (Anglo American share 44%)		
Ore mined	102,431,100	71,959,200
Ore processed – Sulphide	55,681,300	55,831,600
Ore grade processed – Sulphide (% TCu)[6]	1.25	1.24
Production – Copper in concentrate	630,000	629,100
Anglo American's 44% share of copper production for Collahuasi	277,200	276,900
El Soldado mine[5]		
Ore mined	6,178,500	7,160,500
Ore processed – Sulphide	7,451,300	6,921,700
Ore grade processed – Sulphide (% TCu)[6]	0.73	0.84
Production – Copper in concentrate	42,300	45,800
Chagres Smelter[5]		
Ore smelted[7]	108,000	111,600
Production	104,800	108,700
Total copper production[8]	647,200	647,400
Total payable copper production	621,100	622,400
Total sales volumes	641,100	648,500
Total payable sales volumes	612,500	623,000
Third party sales[9]	431,500	453,100

See page 278 for footnotes.

	2021	2020
Nickel (tonnes)[10]		
Barro Alto		
Ore mined	3,514,900	4,197,900
Ore processed	2,477,000	2,400,600
Ore grade processed – %Ni	1.55	1.65
Production	33,900	34,900
Codemin		
Ore mined	–	3,200
Ore processed	561,500	581,300
Ore grade processed – %Ni	1.55	1.66
Production	7,800	8,600
Total nickel production	41,700	43,500
Nickel sales volumes	42,100	43,000
Platinum Group Metals		
Produced PGMs ('000 troy oz)[11]	4,298.7	3,808.9
Own-mined	2,858.3	2,549.0
Mogalakwena	1,214.6	1,181.6
Amandelbult	773.2	608.1
Unki	204.6	196.1
Mototolo	244.4	223.6
Joint operations[12]	421.5	339.6
Purchase of concentrate	1,440.4	1,259.9
Joint operations[12]	421.5	339.5
Third parties	1,018.9	920.4
Refined production[11][13]		
Platinum ('000 troy oz)	2,399.9	1,201.1
Palladium ('000 troy oz)	1,627.5	905.4
Rhodium ('000 troy oz)	347.2	173.9
Other PGMs and Gold ('000 troy oz)	763.8	432.6
Nickel (tonnes)	22,300	13,800
Tolled material ('000 troy oz)[14]	673.7	503.5
4E Head grade (g/tonne milled)[15]	3.50	3.56
PGMs sales – own-mined and purchase of concentrate[11][16]	5,214.4	2,868.5
PGMs sales – third party trading[11][17]	770.6	1,170.9
Iron Ore		
Iron Ore production[18]	63,807,600	61,702,100
Iron Ore sales[18]	63,284,500	64,241,100
Kumba production[18]	40,862,200	37,620,600
Lump	27,552,500	25,478,300
Fines	13,309,700	12,142,300
Kumba production by mine (tonnes)		
Sishen	28,014,500	25,764,000
Kolomela	12,847,700	11,856,600
Kumba sales[18][19]		
Export iron ore[19]	40,185,100	40,091,500
Domestic iron ore	107,100	357,700
Minas-Rio production		
Pellet feed (wet basis)[18]	22,945,400	24,081,500
Minas-Rio sales		
Export – pellet feed (wet basis)[18]	22,992,300	23,791,900
Metallurgical Coal (tonnes)		
Metallurgical Coal production[20]	14,907,700	16,821,900
Hard coking coal	11,320,500	13,424,000
PCI/SSCC	3,587,200	3,397,900
Export thermal coal	1,677,000	2,020,500
Metallurgical Coal sales by product (tonnes)	14,136,800	16,887,900
Hard coking coal	10,795,400	13,839,300
PCI/SSCC	3,341,400	3,048,600
Export thermal coal	2,108,200	2,284,800
Metallurgical Coal production by operation (tonnes)[20]	14,907,700	16,821,900
Moranbah North	3,050,700	4,430,300
Grosvenor	71,600	1,106,300
Capcoal (including Grasstree)	5,992,900	5,614,900
Dawson	2,483,700	2,429,100
Jellinbah	3,118,100	3,241,300
Other	190,700	–

See page 278 for footnotes.

	2021	2020
Manganese (tonnes) unless stated otherwise		
Samancor production		
Manganese ore[21]	3,683,200	3,520,000
Manganese alloys[21][22]	—	80,500
Sales volumes		
Manganese ore	3,745,800	3,529,100
Manganese alloys	670	103,400
Thermal Coal (tonnes)		
Thermal Coal production (tonnes)[20]		
Export – South Africa[23]	5,682,100	16,463,100
Export – Colombia[24]	3,578,900	4,130,000
Domestic – South Africa	5,562,100	14,015,200
Thermal Coal sales		
Export – South Africa[23]	5,335,300	16,573,100
Export – Colombia[24]	3,365,000	4,534,100
Domestic – South Africa	5,349,100	12,369,200
Third party sales[25]	6,396,000	9,355,200
Thermal Coal South Africa production by operation (tonnes)[20]	11,244,200	30,478,300
Goedehoop	3,024,500	6,124,000
Greenside	1,400,900	4,494,000
Zibulo	2,045,800	5,152,600
Khwezela	1,163,400	6,182,400
Mafube	729,000	1,818,200
Other[26]	2,880,600	6,707,100

(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) Excludes nickel production from the Platinum Group Metals business unit.
(11) PGMs is 5E+Au (platinum, palladium, rhodium, ruthenium and iridium plus gold).
(12) 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'.
(13) Refined production excludes toll material but includes in comparative periods material now transitioned to tolling.
(14) Tolled volume measured as the combined content of platinum, palladium, rhodium and gold, reflecting the tolling agreements in place.
(15) 4E: the grade measured as the combined content of: platinum, palladium, rhodium and gold, excludes tolled material. Minor metals are excluded due to variability.
(16) 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.
(17) Relates to sales of metal not produced by Anglo American operations.
(18) Production and sales volumes are reported as wet metric tonnes. The comparative has been restated as Kumba previously on a dry basis. Product is shipped with c.9% moisture from Minas-Rio and c.1.6% moisture from Kumba. Total iron ore is the sum of Kumba and Minas-Rio.
(19) Sales volumes differ to Kumba's standalone results due to sales to other Group companies.
(20) Anglo American's attributable share of production.
(21) Saleable production.
(22) Production includes medium carbon ferro-manganese.
(23) Thermal Coal – South Africa mining activity included until the demerger on 4 June 2021, with prior year comparison up to 31 December 2020. Includes export primary production, secondary production sold into export markets and production sold domestically at export parity pricing.
(24) Anglo American's attributable share of Cerrejón production is 33.3%. Metrics reflect volumes from the first half of the year only, before the sales agreement was entered into, with prior year comparison up to up to 31 December 2020. Please see Note 32 for more information.
(25) H1 only.
(26) Other includes Isibonelo and Rietvlei.

Quarterly production statistics

	Quarter ended					% Change (Quarter ended)	
	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	31 December 2021 v 30 September 2021	31 December 2021 v 31 December 2020
De Beers							
Carats recovered ('000 carats)							
100% basis[1]							
Diamonds	7,691	9,176	8,240	7,169	6,663	(16%)	15%
Copper (tonnes)[2][3]	160,700	156,500	169,700	160,300	167,800	3%	(4%)
Nickel (tonnes)[4]	10,600	10,400	10,600	10,100	11,700	2%	(9%)
PGMs M&C ('000 troy oz)[5]	1,103.4	1,116.2	1,057.9	1,021.2	1,076.1	(1%)	3%
PGMs refined ('000 troy oz)[5][6]	1,391.3	1,420.4	1,353.7	973.0	673.1	(2%)	107%
Platinum ('000 troy oz)	653.5	662.9	625.7	457.8	296.4	(1%)	120%
Palladium ('000 troy oz)	423.2	459.8	427.5	317.0	206.8	(8%)	105%
Rhodium ('000 troy oz)	97.7	92.2	94.3	63.0	47.1	6%	107%
Other PGMs and gold ('000 troy oz)[5]	216.9	205.5	206.2	135.2	122.8	6%	77%
Nickel (tonnes)	5,700	6,000	5,800	4,800	3,700	(5%)	54%
Iron Ore (tonnes)[7]	15,050,800	16,888,100	15,695,300	16,173,400	16,183,200	(11%)	(7%)
Iron ore – Kumba	9,701,300	10,788,600	9,817,600	10,554,700	9,717,600	(10%)	0%
Iron ore – Minas-Rio	5,349,500	6,099,500	5,877,700	5,618,700	6,465,600	(12%)	(17%)
Metallurgical Coal (tonnes)[8]	4,372,100	4,288,500	2,968,600	3,278,500	4,182,400	2%	5%
Hard Coking Coal	2,922,400	3,567,400	2,319,500	2,511,200	3,221,200	(18%)	(9%)
PCI/SSCC	1,449,700	721,100	649,100	767,300	961,200	101%	51%
Export thermal Coal	341,800	443,800	519,000	372,400	562,300	(23%)	(39%)
Manganese (tonnes)							
Manganese ore[9]	834,600	1,003,600	940,500	904,500	942,400	(17%)	(11%)
Manganese alloys[9][10]	—	—	—	—	14,600	n/a	n/a
Thermal Coal (tonnes)[8]							
Export – South Africa[11]	—	—	2,533,600	3,148,500	4,085,000	n/a	n/a
Export – Colombia[12]	—	—	1,784,000	1,794,900	347,000	n/a	n/a
Domestic – South Africa	—	—	2,425,100	3,137,000	3,627,500	n/a	n/a

(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) Excludes nickel production from the Platinum Group Metals business unit.
(5) PGMs is 5E+Au (platinum, palladium, rhodium, ruthenium and iridium plus gold).
(6) Refined production excludes toll material but includes in comparative periods material now transitioned to tolling.
(7) Production volumes are reported as wet metric tonnes. The comparative has been restated as Kumba previously on a dry basis. Product is shipped with c.9% moisture from Minas-Rio and c.1.6% moisture from Kumba. Total iron ore is the sum of Kumba and Minas-Rio.
(8) Anglo American's attributable share of production.
(9) Saleable production
(10) Production includes medium carbon ferro-manganese.
(11) Thermal Coal – South Africa mining activity included until the demerger on 4 June 2021. Includes export primary production, secondary production sold into export markets and production sold domestically at export parity pricing.
(12) Anglo American's attributable share of Cerrejón production is 33.3%. Metrics reflect volumes from the first half of the year only, before the sales agreement was entered into. Please see Note 32 for more information.

Non-financial data

	2021	2020	2019	2018	2017
Anglo American plc data					
Safety[1]					
Work-related fatalities	**1**	2	4	5	9
Fatal-injury frequency rate (FIFR)[2]	**0.004**	0.010	0.017	0.024	0.035
Total recordable case frequency rate (TRCFR)[2]	**2.24**	2.14	2.21	2.66	3.17
Lost-time injury frequency rate (LTIFR)[2]	**1.52**	1.34	1.36	1.63	1.68
Occupational health[1]					
New cases of occupational disease (NCOD)[2]	**16**	30	39	101	96
Environment[1]					
Total greenhouse gas (GHG) emissions (Mt CO_2e)	**14.8**	16.1	17.7	16.2	18.0
Total energy consumed (million GJ)[2]	**85**	81	87	84	97
Total water withdrawals (million m^3)[3]	**177**	197	181	187	186
People					
Number of employees ('000)[4]	**64**	65	63	63	69
Women in senior management (%)[5]	**29**	27	24	21	18
Historically Disadvantaged South Africans in management (%)[6]	**73**	68	65	65	66
Voluntary turnover (%)[7]	**3.5**	2.8	2.9	2.9	2.7
Social					
CSI spend (total in US$ million)[8]	**138**	125	114	82	88
CSI spend (% of underlying EBIT)[8]	**1**	2	2	2	2
Businesses supported through enterprise development initiatives[9]	**67,909**	66,625	65,548	64,830	64,291
Jobs created/maintained through enterprise development programmes[9]	**147,374**	137,777	132,082	125,095	120,812
Select Business Unit data					
Safety[1]					
Work-related fatalities – De Beers	**–**	–	–	1	–
Work-related fatalities – Copper Chile	**–**	–	1	–	–
Work-related fatalities – Copper Peru[9]	**1**	–	1	n/a	n/a
Work-related fatalities – PGMs	**–**	1	–	2	6
Work-related fatalities – Iron Ore – Kumba	**–**	–	–	–	–
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[9]	**–**	–	n/a	n/a	n/a
Work-related fatalities – Corporate and Other	**–**	–	–	–	–
TRCFR – De Beers	**2.03**	2.18	3.07	2.48	1.90
TRCFR – Copper Chile	**1.55**	1.58	1.15	1.03	1.22
TRCFR – Copper Peru[9]	**2.93**	2.20	0.91	n/a	n/a
TRCFR – PGMs	**2.60**	2.40	2.50	3.00	4.52
TRCFR – Iron Ore – Kumba	**0.80**	1.74	2.06	1.80	3.23
TRCFR – Iron Ore – IOB	**2.24**	1.87	1.48	2.14	1.30
TRCFR – Coal – Metallurgical Coal	**4.12**	4.72	6.20	9.04	12.19
TRCFR – Coal – Thermal Coal South Africa	**1.57**	1.55	1.56	1.87	1.77
TRCFR – Nickel	**1.26**	1.51	2.75	3.03	1.67
TRCFR – Crop Nutrients[9]	**2.59**	0.81	n/a	n/a	n/a
TRCFR – Corporate and Other	**0.97**	0.63	0.17	1.85	2.53

See next page for footnotes.

	2021	2020	2019	2018	2017
Environment[1]					
GHG emissions – Mt CO_2e – De Beers	0.43	0.42	0.48	0.56	1.85
GHG emissions – Mt CO_2e – Copper Chile	0.37	1.07	1.17	1.32	1.23
GHG emissions – Mt CO_2e – Copper Peru[9]	0.12	0.05	0.15	n/a	n/a
GHG emissions – Mt CO_2e – PGMs	4.52	3.94	4.44	4.12	4.61
GHG emissions – Mt CO_2e – Iron Ore – Kumba	0.99	0.91	1.00	0.96	1.00
GHG emissions – Mt CO_2e – Iron Ore – IOB	0.26	0.20	0.20	0.09	0.19
GHG emissions – Mt CO_2e – Coal – Metallurgical Coal	6.37	7.40	8.17	6.85	6.37
GHG emissions – Mt CO_2e – Coal – Thermal Coal South Africa	0.77	0.84	0.90	1.00	1.45
GHG emissions – Mt CO_2e – Nickel	1.38	1.24	1.23	1.21	1.22
GHG emissions – Mt CO_2e – Crop Nutrients[9]	0.01	0.01	n/a	n/a	n/a
GHG emissions – Mt CO_2e – Corporate and Other	0.01	—	0.01	0.01	0.04
Energy consumption – million GJ – De Beers	4.1	3.8	4.5	5.8	15.7
Energy consumption – million GJ – Copper Chile	12.8	11.3	12.3	13.4	13.1
Energy consumption – million GJ – Copper Peru[9]	1.6	0.6	2.0	n/a	n/a
Energy consumption – million GJ – PGMs	20.8	18.1	20.1	20.0	21.5
Energy consumption – million GJ – Iron Ore – Kumba	8.7	8.1	8.8	8.9	8.9
Energy consumption – million GJ – Iron Ore – IOB	5.1	5.2	5.1	1.8	4.5
Energy consumption – million GJ – Coal – Metallurgical Coal	9.3	8.5	10.1	9.0	7.6
Energy consumption – million GJ – Coal – Thermal Coal South Africa	3.1	3.5	3.5	4.1	6.0
Energy consumption – million GJ – Nickel	20.8	21.3	20.2	20.0	19.8
Energy consumption – million GJ – Crop Nutrients[9]	0.2	0.1	n/a	n/a	n/a
Energy consumption – million GJ – Corporate and Other	0.1	0.1	0.1	0.9	0.4
Total water withdrawals – million m^3 – De Beers[3]	11.6	10.1	9.9	11.5	8.3
Total water withdrawals – million m^3 – Copper Chile[3]	33.5	35.8	24.7	32.2	36.2
Total water withdrawals – million m^3 – Copper Peru[10]	0.7	1.5	n/a	n/a	n/a
Total water withdrawals – million m^3 – PGMs[3]	42.6	43.9	47.4	43.9	46.2
Total water withdrawals – million m^3 – Iron Ore – Kumba[3]	11.2	10.6	10.6	9.7	11.1
Total water withdrawals – million m^3 – Iron Ore – IOB[3]	32.2	35.3	28.8	28.3	28.7
Total water withdrawals – million m^3 – Coal – Metallurgical Coal[3]	20.9	21.0	17.9	23.1	14.1
Total water withdrawals – million m^3 – Coal – Thermal Coal South Africa[3]	14.9	31.0	34.2	29.2	34.3
Total water withdrawals – million m^3 – Nickel[3]	7.0	8.0	6.3	8.0	7.5
Total water withdrawals – million m^3 – Crop Nutrients[10]	0.1	0.2	n/a	n/a	n/a
Total water withdrawals – million m^3 – Corporate and Other[3]	1.8	0.0	n/a	n/a	n/a
People[3]					
Number of employees – De Beers	10,000	10,700	9,000	10,000	10,000
Number of employees – Copper Chile	4,300	3,800	4,000	4,000	4,000
Number of employees – Copper Peru[10]	750	400	300	n/a	n/a
Number of employees – PGMs	31,400	31,500	31,000	33,000	36,000
Number of employees – Iron Ore – Kumba	6,100	6,200	6,000	6,000	6,000
Number of employees – Iron Ore – IOB	2,600	2,500	3,000	2,000	2,000
Number of employees – Coal – Metallurgical Coal	1,900	2,000	2,000	2,000	1,000
Number of employees – Coal – Thermal Coal South Africa	n/a	4,600	5,000	5,000	8,000
Number of employees – Nickel	1,400	1,400	1,000	1,000	1,000
Number of employees – Crop Nutrients[10]	600	300	n/a	n/a	n/a
Number of employees – Corporate and Other	4,700	6,900	2,000	1,000	1,000

(1) Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2021- 2018, data excludes De Beers' joint operations in Namibia and Botswana. 2017 data includes De Beers' joint operations in Namibia and Botswana. See page 74 of the Anglo American plc Sustainability Report 2021 for the full list of entities within the reporting scope. Divested businesses are included up until the point of divestment.

(2) See pages 268-269 for definitions and basis of calculation.

(3) The 2017-2019 withdrawal data was restated using the site-specific water balances and is now aligned with the ICMM definitions. It is therefore directly comparable with the data for 2020 and 2021.

(4) Average number of employees for 2021 and 2020 excludes contractors and associates and joint ventures employees, and includes a share of employees within joint operations, based on shareholding. Data for 2019-2017 is presented on the same basis, with the exception of Debswana (De Beers), where employee numbers are included at 19.2%, reflecting Anglo American's economic interest.

(5) Female representation within the Group Management Committee and those reporting to the committee.

(6) Historically Disadvantaged South African employees within bands seven and above divided by the total number of South African employees in bands seven and above.

(7) The number of people who resigned as a percentage of the total work force, excluding contractors.

(8) 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 2021 is expenditure relating to Zimele of $8.6 million (2020: $4.9 million).

(9) Figures are presented on a cumulative basis since 2008.

(10) 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 prior to 2020 is not presented as the acquisition of Sirius Minerals Plc was completed in 2020.

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 108-111
- Directors' interests in shares at 31 December 2021 and any changes thereafter, can be found on page 154 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 224
- The Strategic Report on pages 2-104 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 106-162
- Comprehensive details of the Group's approach to financial risk management are given in note 23 to the financial statements on pages 210-213
- The Group's disclosure of its greenhouse gas emissions can be found on page 43. The Group's Streamlined Energy and Carbon Reporting (SECR) disclosures can be found on page 104
- The Group's disclosures related to the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) can be found on pages 102-103
- Details of employee engagement can be found on pages 50-57 and 122-123
- Details of stakeholder engagement can be found on pages 15, 20 and 122-123.

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 72-75. Further details of our policy on financial risk management are set out in note 23 to the financial statements on pages 210-213. The Group's net debt (including related hedges) at 31 December 2021 was $3.8 billion (2020 (restated): $5.5 billion), representing a gearing level of 10% (2020: 14%). The Group's liquidity position (defined as cash and undrawn committed facilities) of $17.1 billion at 31 December 2021 remains strong. Details of borrowings and facilities are set out in note 21 and note 23 on pages 204 and 210 respectively, and net debt is set out in note 20 on pages 202-203.

The directors have considered the Group's cash flow forecasts for the period to the end of December 2023 under base and downside scenarios with reference to the Group's principal risks as set out within the Group Viability Statement on pages 60 and 61. Further consideration was given to the uncertainty of the impact of the Covid-19 pandemic on both the wider macroeconomic environment, including demand for the Group's products and realised prices, and the Group's operations, including production levels. In each of the downside scenarios modelled (including price reductions of up to 20% against budget, operational incidents and climate change impacts), 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 of at least 12 months from the date of approval of the financial statements. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Dividends

An interim dividend of 171 US cents per ordinary share and a special dividend of 80 US cents per ordinary share was paid on 24 September 2021. The directors are recommending that a final dividend of 118 US cents per ordinary share and a special dividend of 50 US cents per ordinary share be paid on 26 April 2022 to ordinary shareholders on the register at the close of business on 18 March 2022, subject to shareholder approval at the AGM to be held on 19 April 2022. This would bring the total dividend in respect of 2021 to US$4.19 per ordinary share. In accordance with the UK-adopted International Accounting Standards, the final dividend will be accounted for in the financial statements for the year ended 31 December 2022.

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 2021 is set out in note 24 on page 214.

Significant shareholdings

The Company has been notified of the following significant shareholdings, as at the date of this report:

Company	Number of shares	Percentage of voting rights
Public Investment Corporation	93,551,783	6.86
BlackRock Inc	84,968,927	6.05
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.

Sustainable development

The Sustainability Report 2021 is published on the Group's website on 7 March 2022.

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.

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 182
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)	None
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 page 282
9.8.4(13)	Waivers of future dividends	See 'Dividends' paragraph on page 282
9.8.4(14)	Agreement with a controlling shareholding LR 9.2.2AR(2)(a)	Not applicable

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 everybody should have full and fair consideration for all vacancies. Employment 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 bullying, harassment and victimisation and recognising and responding to domestic violence policies which clearly states its zero tolerance to such behaviours along with 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 a number 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 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 can be accessed via the Group's website.

In addition to meeting legal requirements, suppliers to Anglo American must adhere to the requirements of the Responsible Sourcing Standard for Suppliers, which is available on the Group's website and referenced in contracts.

The Business Integrity Policy sets 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 across Anglo American, (including subsidiaries and managed joint operations), by those with which the Group does business and by those who work on the Group's behalf, in combating corrupt behaviour of all types. The Policy is supported by 11 Prevention of Corruption Procedures, which 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. Working closely with other corporate functions, and senior managers in the business units, the team provides guidance and support on the implementation and monitoring of the Business Integrity Policy. The team also assists on bribery and corruption risk identification and management, and providing online and face-to-face training for relevant employees, including those in high-risk roles. The internal audit team regularly provide risk based assurance on the implementation of the anti-bribery and corruption controls framework.

The Group's whistleblowing facility, YourVoice, is available to employees and external stakeholders to confidentially and, if they choose, anonymously report concerns about behaviour which might be unethical, unlawful or unsafe, or contrary to the Group's Values and Code of Conduct.

Political donations

No political donations were made during 2021. 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 of Association (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 2021, Anglo American had committed bilateral and syndicated borrowing facilities totalling $5.7 billion with a number of relationship banks which contain change of control clauses. $8.5 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 2021, authority was given for the Company to purchase, in the market, up to 204.3 million ordinary shares of $54^{86}/_{91}$ US cents each. This authority will expire at the 2022 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

On 29 July 2021, 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 2021 and ended in February 2022. 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 to shareholders by 31 December 2021.

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	% of share capital the repurchased shares represented at 31 December 2021
21,473,605	$814,361,429	$37.92	1.60%

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.

By order of the Board

Richard Price
Group General Counsel and Company Secretary
23 February 2022

Shareholder information

Annual General Meeting (AGM)
This will be held at 14:30 on Tuesday, 19 April 2022, at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

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
17 Charterhouse Street
London EC1N 6RA
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 (or +44 (0) 121 415 0138 from overseas) 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
- Climate Change Report
- Our Code of Conduct
- The Safety, Health and Environment (SHE) Way
- The Social Way
- The Socio-Economic Assessment Toolbox (SEAT)
- Notice of 2022 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, prospects and projects (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserve and Mineral Resource positions) and sustainability performance related (including environmental, social and governance) goals, ambitions, targets, visions, milestones 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 project development capabilities and delivery, recovery rates and other operational capabilities, safety, health or environmental incidents, the effects of global pandemics and outbreaks of infectious diseases, natural catastrophes or adverse geological conditions, climate change and extreme weather events, 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 transport infrastructure, the development, efficacy and adoption of new technology, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty, tensions and disputes and economic conditions in relevant areas of the world, evolving societal and stakeholder requirements and expectations, 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 Anglo American's most recent Annual Report. 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 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, but 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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