

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



RE-IMAGINING MINING TO IMPROVE PEOPLE'S LIVES

This is Anglo American's clear and guiding Purpose, closely aligned with our longstanding reputation as a leader in sustainable mining and with the billions of people who rely on our products every day. At Anglo American, we are working to make a sustainable future a reality – combining integrity, creativity and smart innovation with the utmost consideration for all our stakeholders.

We are focused on enhancing the quality of our business through the disciplined allocation of capital, while staying attuned to the demands and expectations of our changing world, so that we grow our business safely, sustainably and responsibly, for the benefit of all.

Cover images

1. Thermal Coal's Greenside colliery in South Africa has installed a 90 kWh solar farm grid which is linked to the national grid. The plant produces enough energy to power all the surface offices at the mine.
2. Our metals are the essential ingredients in smartphones, electric cars and wind turbines, while also purifying traditional vehicle and other emissions.
3. Our Iron Ore business in Brazil continues to support several community projects. Here, at a school near the Minas-Rio mine site in Minas Gerais, pupils plant seedlings in the school garden's greenhouse.
4. At Minas-Rio, equipment instructor Wanderlei de Oliveira examines data relating to the height definition training simulator featured in the background.
5. A Hyundai ix35 hydrogen fuel cell electric vehicle. The platinum catalyst in the vehicle's fuel cell converts hydrogen to electricity, while emitting only water.



Other sources of information

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

For more information, visit:
www.angloamerican.com/reporting

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Group performance

REVENUE	UNDERLYING EBITDA ^o	OPERATING PROFIT	UNDERLYING EARNINGS PER SHARE ^o
\$29.9 bn	\$10.0 bn	\$6.2 bn	\$2.75
2019 \$29.9 bn 2018 \$27.6 bn	2019 \$10.0 bn 2018 \$9.2 bn	2019 \$6.2 bn 2018 \$6.1 bn	2019 \$2.75 2018 \$2.55
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS	NET DEBT ^o	TOTAL DIVIDENDS PER SHARE	ATTRIBUTABLE FREE CASH FLOW ^o
\$3.5 bn	\$4.6 bn	\$1.09	\$2.3 bn
2019 \$3.5 bn 2018 \$3.5 bn	2019 \$4.6 bn 2018 \$2.8 bn	2019 \$1.09 2018 \$1.00	2019 \$2.3 bn 2018 \$3.2 bn
GROUP ATTRIBUTABLE ROCE ^o	NUMBER OF FATALITIES	TOTAL RECORDABLE CASE FREQUENCY RATE (TRCFR)	LEVEL 4-5 ENVIRONMENTAL INCIDENTS
19%	4	2.21	0
2019 19% 2018 19%	2019 4 2018 5	2019 2.21 2018 2.66	2019 0 2018 1

^o Alternative Performance Measures

Words with this symbol ^o are defined in the Alternative Performance Measures section of the Integrated Annual Report on pages 228 to 231.

Basis of reporting

The Anglo American plc Integrated Annual Report for the year ended 31 December 2019 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 228 to 231, where we provide more detail, including reconciliations to the closest equivalent measure under IFRS. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Units

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

Forward-looking statements

This document includes forward-looking statements. For information regarding forward-looking statements please refer to page 244 of this document.

Non-Financial Information Statement

We aim to comply with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below is intended to guide stakeholders to where the relevant non-financial information is included within our Strategic Report. Further information on the basis of preparation of our non-financial information can be found in our Sustainability Report 2019.

Non-financial information in this report includes companies, subsidiaries and joint operations over which the Anglo American Group has management or acts as operator. It does not include independently managed operations, such as Cerrejón, Collahuasi and Samancor unless specifically stipulated where there have been significant incidents. It also excludes De Beers' non-managed joint operations in Namibia and Botswana.

Reporting requirement	Policies and standards	Outcomes and additional information	Page reference
Environmental matters	Safety, Health and Environment (SHE) Way and Policy	Managing our environmental impacts	32
	Climate Change Policy	Disclosures related to the recommendations of the TCFD	33 and 238
	Energy and GHG Emissions Standard	Climate change	33-34
	Water Policy and Water Management Standard	Water	32
	Mineral Residue Technical Management Standard	Mineral residue management	32
Employees	Code of Conduct	Building a purpose-led culture	41
	SHE Way and Policy	Safety	38
	HIV/AIDS Policy	Health	39
Human rights	Human Rights Policy	Human rights	34
Social matters	The Social Way	Social performance	34
	Responsible Sourcing Standard for Suppliers	Supply chain	35
	Supply Chain Local Procurement Policy	Supply chain	35
Anti-corruption and anti-bribery	Code of Conduct	Building a purpose-led culture	41
	Business Integrity Policy	Business integrity	41
Principal risks and impact of business activity		Our business model	08-09
		Our material matters	12-13
		Managing risk effectively	44-49
Non-financial KPIs		Key performance indicators	50-51

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.

We provide the essential metals and minerals that enable a cleaner, greener, more sustainable world and that meet 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.

DIAMONDS

DE BEERS

\$558 million

Underlying EBITDA^o

6%

Group underlying EBITDA^o

30.8 Mct

Production (100% basis)⁽¹⁾

For more information:
See page 56

COPPER

COPPER

\$1,618 million

Underlying EBITDA^o

16%

Group underlying EBITDA^o

2

Greenfield projects
Peru (Quellaveco)
Finland (Sakatti)

638 kt

Production

For more information:
See page 60

PGMs

PLATINUM GROUP METALS

\$2,000 million

Underlying EBITDA^o

20%

Group underlying EBITDA^o

2,051 koz

Production platinum

1,386 koz

Production palladium

For more information:
See page 64

GLOBAL FOOTPRINT⁽²⁾



⁽¹⁾ With the exception of Gahcho Kué, which is on an attributable 51% basis.

⁽²⁾ Number of operating mining assets/major projects under development per business unit. More detailed maps can be found in the business unit reviews on pages 56 to 82.

BULK COMMODITIES AND OTHER MINERALS

IRON ORE

\$3,407 million

Underlying EBITDA^o

34%

Group underlying EBITDA^o

42.4 Mt

Production
iron ore – Kumba

23.1 Mt (wet basis)

Production
iron ore – Minas-Rio

^o For more information:
See page 68

METALLURGICAL COAL

\$1,707 million

Underlying EBITDA^o

17%

Group underlying EBITDA^o

22.9 Mt

Production
metallurgical

^o For more information:
See page 72

THERMAL COAL

\$125 million

Underlying EBITDA^o

1%

Group underlying EBITDA^o

26.4 Mt

Production
thermal – export

^o For more information:
See page 72

NICKEL AND MANGANESE

\$634 million

Underlying EBITDA^o

6%

Group underlying EBITDA^o

42.6 kt

Production nickel

3.7 Mt

Production manganese ore
and alloy

^o For more information:
See page 79

CORPORATE AND OTHER

\$(43) million

Underlying EBITDA^o

^o For more information:
See page 83

GEOGRAPHIC OVERVIEW



NUMBER OF EMPLOYEES⁽³⁾

	Thousand
Brazil	4
Chile	4
Other South America	–
North America	1
South Africa	45
Other Africa	4
Australia/Asia	3
Europe	2
	63



TAXES BORNE⁽⁵⁾

	\$m
Brazil	178
Chile	381
Other South America	6
North America	10
South Africa	1,537
Other Africa	179
Australia/Asia	662
Europe	82
	3,035



WAGES AND BENEFITS PAID⁽⁴⁾

	\$m
Brazil	174
Chile	391
Other South America	46
North America	80
South Africa	1,751
Other Africa	212
Australia/Asia	441
Europe	372
	3,467



LOCAL PROCUREMENT SPEND⁽⁶⁾

	\$m
Brazil	93
Chile	71
Other South America	74
North America	66
South Africa	2,366
Other Africa	811
Australia/Asia	61
Europe	217
	3,759

⁽³⁾ Throughout this report, 'employees' is the average number of Group employees, excluding employees of contractors, associates' and joint ventures', and including a proportionate share of employees within joint operations.

⁽⁴⁾ Includes social security costs of \$182 million borne by the Group.

⁽⁵⁾ Based on numbers disclosed within the Group's income statement and excludes the impact of certain associates and joint ventures.

⁽⁶⁾ See page 227 for definition.

RE-IMAGINING MINING TO IMPROVE PEOPLE'S LIVES



As a major supplier of metals and minerals vital to the world's transition to a more sustainable future, Anglo American has a special obligation to operate in a safe, responsible way so that our environmental and societal footprint is a positive one, both during the lifetime of our mines and beyond."

Stuart Chambers
Chairman



During 2019, Anglo American built upon its remarkable business turnaround of the previous three years. I am pleased to report that the foundations are in place for a further step-change in operational and financial performance. The Group is taking an innovative approach by combining technology, digitalisation and sustainability to re-imagine mining. Why? To improve people's lives – for our employees, our stakeholders and for society as a whole.

Mining with purpose

Anglo American was well advanced in the formulation of its Purpose when I joined as chairman in 2017. A thorough process involving employees and numerous stakeholders brought us to an outcome which could hardly be more pertinent for our industry and for the challenges that the world is facing today.

As a major global mining company with a deep sense of responsibility, it is entirely appropriate for the Board, the executive team and all our people to be guided by such a clear Purpose. It is our duty to be true to it.

That means staying at the forefront of business sustainability – which for us means changing many of the basic physical processes of producing metals and minerals, improving how

our stakeholders experience us, and building the ever greater relevance of mined products in society's mind.

Safety

Starting with safety, in 2019, the Group's injury rate continued its positive trajectory trend to a new record low but, agonisingly, in our managed operations, we lost four employees in work-related fatal incidents: two people died at our Copper assets in South America, one at Metallurgical Coal in Australia and one at our Thermal Coal business in South Africa.

No company can claim to be sustainable if it is not doing its utmost to safeguard and enhance the well-being of the people who work for it. Zero harm, therefore, has always been the paramount consideration of the Board, and we must continue to strive to raise our safety performance so that we do get to, and stay at, zero.

Our *Elimination of Fatalities Taskforce* has completed assessments of all the sites we manage. The Taskforce's findings and recommendations are helping us to prioritise actions to prevent incidents with the potential for loss of life and ensure that everyone who works for us returns home safely at the end of their working day.

Sustainable mining

In terms of sustainability more broadly, we are taking a distinct approach by adopting new, and combining existing, technologies to solve

mining's challenges – with safety first, and spanning energy, water, noise, dust and emissions, to name a few.

Wrapping together technology, digitalisation and our ambitious Sustainable Mining Plan, our FutureSmart Mining™ programme has shown us the significant potential that innovation has to transform the environmental and societal footprint of our business – in many cases also embracing circular economy principles, which the Board wholeheartedly supports.

Our Sustainable Mining Plan commits us to a series of ambitious goals relating to three major areas of sustainability aligned to the UN's 2030 Sustainable Development Goals: to be a *trusted corporate leader*; to create a *healthy environment*; and to foster and sustain *thriving communities*. The technologies and digitalisation that I have referred to are clearly critical enablers to our stretching *healthy environment* goals, particularly in relation to climate change, greenhouse gas (GHG) emissions, and water usage. I am pleased to report that we are now seeing certain of these being rolled out at scale in our operations – in Chile, in Brazil and South Africa.

Just as significantly, other technologies are helping us cater to consumers' understandable desire to trust the provenance of the raw materials they are ultimately buying, by using blockchain, for example, to trace our diamonds all the way back through the value chain to the mine. The development of such ethical value chains is an important part of our *trusted corporate leader* ambition.

Our portfolio and performance

In 2019, we continued to reap the benefit of the root and branch transformation of the business that Mark Cutifani and his team have led. Our much-upgraded asset portfolio and our focus on efficiency and productivity are underpinning a strong operational and financial performance.

At the operating-asset level, the turnaround has been remarkable. By way of illustration, and by comparison with 2012, physical production has increased by 12%, despite the number of assets halving, while production per employee, on a copper equivalent basis, has more than doubled.

Looking forwards, Anglo American has one of the clearest growth pathways in the sector, benefiting from a number of options within the portfolio. Our growth profile also brings the benefit of continuing the trajectory of our portfolio towards those products that are essential for a fast growing global population and a more sustainable future.

We are continuing to generate strong cash flows that we are using to invest in the future of the business and deliver sustainable returns to our shareholders. In 2019, revenue increased by 8% to \$29.9 billion and underlying EBITDA increased to \$10.0 billion. Profit attributable to equity shareholders was \$3.5 billion, in line with 2018, and net debt increased from \$2.8 billion to \$4.6 billion, reflecting the current investment phase in our flagship Quellaveco project and other smaller value-adding projects.

Given our strong balance sheet, cash flows and our confidence in our funding of value-accretive growth opportunities, we deemed it appropriate at the half year to return excess cash to shareholders through a share buyback programme. This additional return of up to \$1 billion recognises the resilience of our business and builds upon the \$3.9 billion of cash that we will have returned to shareholders by May 2020, since reinstating the dividend in mid-2017.

Despite 2019 being a mixed year for certain product prices, the Board is recommending a final dividend of 47 cents per share, bringing the total for the year to \$1.09 per share, in line with our 40% of underlying earnings payout policy and representing an increase of 9% over the total distribution for 2018.

I am pleased that the shareholder experience was again a positive one in 2019, with a Total Shareholder Return (TSR) of 31% against a FTSE 100 TSR of 17% and a FTSE 350 mining index TSR of 18%.

A still uncertain economic environment

In 2019, markets reflected the effects of ongoing global trade tensions, with the uncertainties posed by tariffs between the US and China weighing on global economic confidence. India's growth flagged, with the Eurozone remaining flat for the year. Manufacturing production has slowed, as have exports, with big exporting economies such as Germany and Japan being caught up in the fall-out. And, in 2020, we have seen the destabilising effects of the coronavirus outbreak.

In order to ensure that the business is resilient to what we expect to be continued geo-political uncertainties and societal change, we must also continue to focus on the high quality of our products and the value that our Marketing business is able to derive from them through its prized customer relationships.

Governance

Rightly, business is moving beyond the idea of seeking only to serve 'shareholder value' and is forging a wider purpose that serves the interests of all stakeholders. With trust in business at reduced levels, and as governments are seen by many to be failing to address crucial social, economic and environmental issues, and particularly climate change, broader society increasingly expects business to step up and to assume a leading role in finding solutions to the world's pressing challenges.

These expectations are clearly evidenced by the increasing amount of capital that is being diverted into environmental, social, and governance (ESG) funds. We welcome this shift, it being aligned to our company's Purpose and the full impact decision-making that Anglo American's Board encourages. (See Section 172 Statement on page 10.)

In 2019, as a Board, we have again considered the interests of a wider group of stakeholders than shareholders alone in the performance of our duties. During the year, we supplemented our existing means of employee engagement by forming a Global Workforce Advisory Panel, comprising some 12 employees drawn from across our business, and chaired by our senior independent director Byron Grote. The Panel held its first meeting in October in South Africa.

Anglo American has also conducted an in-depth global survey of our roughly 60,000 direct employees and we have intensified our efforts to align the everyday experience of Anglo American to our Purpose and our Values.

Our Board

It is vital that we have an appropriate mix of skills, experience and overall diversity around the Boardroom table. The Board must then support management in fostering a more inclusive business that reflects the Group's footprint and the diverse workforces in our operating jurisdictions. Board members also need to be exposed to the full breadth of the business that they govern, including appropriate engagement with as broad a spectrum of our stakeholders as possible, as well as proper familiarisation with the operational and commercial aspects of the business.

In 2019, there were several changes to the Board as part of the continuous refreshment cycle. At the start of the year, Byron Grote was appointed our senior independent director, while retaining his chairmanship of the Audit Committee. In April, Marcelo Bastos, who has extensive operational and project experience in mining, particularly in South America, was appointed to the Board and the Sustainability Committee. Jack Thompson, to whom I paid tribute last year, retired from the Board at the end of the AGM and was succeeded as chair of the Sustainability Committee by Ian Ashby. In August, Nolutha Fakude stepped down to become chairman of our management board in South Africa and joined the Group Management Committee. Hixonia Nyasulu, who has highly relevant experience in the natural resources, financial services and consumer industries, joined the Board in November. Finally, Nonkululeko Nyembezi, an engineer with extensive experience spanning mining, steel, financial services, and technology, was appointed with effect from 1 January 2020.

Thanks

Finally, I would like to thank all of Anglo American's employees, the senior management team and our Board members. Their hard work and determination to continue to drive improvement and to act in accordance with our Purpose and Values are central to how this company continues to perform and to improve people's lives.

Our Strategic Report

Our 2019 Strategic Report, from pages 2 to 83, was reviewed and approved by the Board on 19 February 2020.



Stuart Chambers
Chairman

RE-IMAGINING MINING TO IMPROVE PEOPLE'S LIVES



Anglo American stands out as a performance leader in the mining industry – we have transformed our operations and delivered significant financial improvement, while building our sustainability credentials through improving safety and environmental performance and building social partnerships. Guided by our Purpose, it is our people whose efforts bring to life the quality of our assets and our business as a whole.”

Mark Cutifani
Chief Executive



We are unlocking the very significant additional potential that we see within the business – pushing productivity performance benchmarks, delivering volume growth from existing and new operations, and deploying FutureSmart Mining™ technologies. We are doing so safely and responsibly, maintaining strict capital discipline and creating a sustainable business in every sense.

Consistent delivery on our commitments continues to enhance Anglo American's competitive position. We have again delivered a robust TSR for 2019 of 31%, outperforming both the FTSE 100 and the FTSE 350 mining index by some margin.

Safety

The safety of our people is always front of mind for me, as it is for our leaders across the business. Making sure every employee returns home at the end of each day, better for having worked at Anglo American, is the vision for safety and health that drives everyone in the business. In this context, it is tragic that we continue to experience serious safety incidents, in which four of our employees died in work-related incidents in 2019 in our Copper and Coal businesses. And while 2019 saw the best safety performance in our history, our progress strengthens our determination to deliver on our commitment to zero harm.

Every individual who works at Anglo American must be unconditional about safety, no ifs and no buts. The *Elimination of Fatalities Taskforce* that we launched during 2018 has now covered all our managed operations, interrogating the key reasons behind fatal incidents, and is now prioritising actions to better identify and manage critical hazards to remove and reduce potential for serious and fatal incidents.

Across the breadth of our business, we recorded another all-time low total recordable safety rate, representing a 17% improvement since 2018 and a 59% improvement over the last six years. In being unconditional about safety, major safety incidents will be consigned to history, as we have shown in most of our working locations. The delivery of zero harm is about delivering this type of performance at every location and with every individual in the business.

Financial performance

In 2019, underlying EBITDA increased by 9% to \$10.0 billion, while our mining EBITDA margin was in line with the prior year at 42%. Operating profit increased by 2% to \$6.2 billion, while profit attributable to equity shareholders was in line with the prior year at \$3.5 billion.

The single largest contributor to EBITDA growth was our Minas-Rio iron ore operation in Brazil – ramping up and exceeding our production and cost reduction targets, generating \$1.2 billion of EBITDA in 2019. Across the balance of the business, strong

precious metals and iron ore prices more than offset weaknesses in diamonds and coal and the effects of reductions in copper production through lack of water in Chile and electricity power outages in South Africa.

At the Group level, we generated attributable free cash flow of \$2.3 billion, a 26% decrease, due largely to planned increased capital expenditure and higher cash tax payments.

We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a sub-1.5x net debt to EBITDA ratio. At the end of 2019, net debt on the balance sheet stood at \$4.6 billion, an increase of \$1.8 billion for the year, less than 0.5x EBITDA. The increased level of net debt reflects the investments we are making in the future of the business, progressing high quality growth projects across our product portfolio, balanced with a continued focus on shareholder returns.

Our return on capital employed (ROCE) of 19% was well above our targeted 15% through-the-cycle return. While an individual year is too short a period to assess returns, our longstanding focus on cash flow covers the effectiveness of our operating initiatives, with ROCE measuring the efficiency of our capital deployment.

Combined with the proposed final dividend payment of 47 cents per share, payable in May 2020, total dividends paid to shareholders in respect of 2019 will amount to \$1.09 per share, a 9% increase compared to 2018 and in line with our policy of paying out 40% of underlying earnings.

Since we reinstated dividend payments in mid-2017, Anglo American will, by May, have returned \$3.9 billion to shareholders in cash, in addition to our current share buyback programme.

Operating performance

The implementation of our Operating Model, with our focus on efficiency and productivity improvements, continues to deliver significant safety, environmental and financial benefits. In 2019, we produced 12% more product on a copper equivalent basis from half the number of assets we had in 2012. As a result, our productivity per employee has more than doubled, supporting a 12 percentage point increase in mining margin.

Underlying cost and volume benefits were \$0.4 billion – adjusted to \$0.1 billion on a net basis to reflect factors beyond our control. Over seven years, we have delivered \$4.7 billion of annual underlying EBITDA improvement in terms of costs and volumes. Such improvements have generally been achieved without additional capital, so we have continued to improve our ability to generate free cash flow and increase returns from existing capital employed.

Looking forward, we still believe there is significant further improvement. By 2022, we are targeting an additional \$3-\$4 billion annual underlying EBITDA improvement, before inflation, relative to 2017. We are starting to see this benefit come through in the numbers, including by meeting and then surpassing industry best-practice operational performance across our business; volume growth from existing and new operations; and the deployment of our FutureSmart Mining™ technologies, digitalisation and sustainability. It is this approach that is beginning to transform how we mine, process and market our products, providing ongoing step-changes in our performance.

Strategy: Portfolio

The quality, long life and growth potential of our mineral assets are the foundations of our global business. The transformed scope and quality of Anglo American's portfolio over several years is contributing to our materially improved financial and operational performance. We will continue our discipline of divesting less attractive assets and replacing them with assets of a higher quality and cash generation profile, thereby continuing to lift the overall quality, margins and returns from the portfolio.

In recent years, we have brought on stream Grosvenor in Metallurgical Coal, Gahcho Kué at De Beers and the Minas-Rio iron ore mine, and we are well on track with the development of our new Quellaveco copper mine in Peru, with first production expected in 2022.

We have a well sequenced range of high returning, quick payback growth options across copper, PGMs, diamonds and metallurgical coal. Our attractive organic growth pipeline is a key component of the long term sustainability of our business and we will also be agile to supplement that pipeline with suitably high quality external opportunities that fit our strategy and later-cycle portfolio trajectory.

Strategy: Innovation

Innovation and challenging the status quo is in our DNA as a company, part of our culture, and is at the heart of our Purpose.

We are setting out a very different future for mining – a future designed to further improve how our stakeholders experience our business, that has a much lighter environmental footprint, and that ensures the safe supply of metals and minerals that billions of people rely on in their everyday lives.

Our FutureSmart Mining™ programme brings together step-change innovation in technology, digitalisation and sustainability – working hand in hand towards a more sustainable mining configuration. When we talk about a lighter environmental footprint, we include reducing energy and water consumption, in addition to reducing our physical mining footprint. This is an integrated approach to innovation that is beginning to transform the nature and experience of mining and thereby improve people's lives.

For instance, several of our new technologies are aimed at targeting the metal or mineral more precisely, with much less waste rock, and lower water and energy intensity, while others will ensure that our people are safely out of harm's way through remote operations or other safety changes. These physical and digital technologies are all about mining sustainably.

Our Sustainable Mining Plan, integral to FutureSmart Mining™, commits us to a series of ambitious goals over the next decade. These goals relate to three major areas of sustainability aligned to the UN's Sustainable Development Goals: *trusted corporate leader* (i.e. advocating for the highest standards of governance to drive transparency and trust in mining and mined products); *thriving communities*; and *healthy environment*.

While our environmental goals will rely on many of the technologies we are deploying, we are also thinking innovatively to create regional ecosystems of sustainable economic activity, collaborating with appropriate development partners.

Strategy: People

Our Purpose is aimed squarely at people and how we can do things differently to improve the lives of those that come into contact with our business and our products. This approach begins with the people closest to our business, our employees, for whom we take great care to provide fulfilling work and clarity about their roles and the part they play towards our business objectives.

During 2019, we completed a global survey of our employees, achieving above-benchmark levels of engagement of 83%. This is extremely encouraging and is based on feeling proud to work for Anglo American and recommending the company as a good place to work.

In the context of our commitment to creating an inclusive, diverse and engaging working environment that enables every person to come to work each day and give their very best, we also recently refreshed the behaviours that we expect from our employees and that relate to each of our six Values. These are important building blocks towards the high performance culture that we seek for outstanding people who believe in and are guided by our Purpose.

Mining with purpose

Anglo American today is a resilient global business, with a world class asset portfolio diversified across an attractive range of products, increasingly focused on those that contribute towards a cleaner, greener, more sustainable world and that satisfy the consumer-led demands of a fast growing global population.

We recognise our role in creating a sustainable future for what are essential raw materials for modern life. We must act in a way that is aligned with society's rightfully higher expectations of us and of business as a whole. Guided by our Purpose, we strive to always do the right thing for our employees, our diverse business stakeholders, and our shareholders who, let's not forget, ultimately are millions of hard-working people all over the world.



Mark Cutifani
Chief Executive

OUR BUSINESS MODEL

OUR STRATEGY

Portfolio

The quality and long life of our mineral assets are the foundation of our global business. We focus on securing and continuously improving assets that offer the most attractive long term value-creation potential, as measured by sustainable cash flow and returns.

The scale and diversity of our portfolio allow us to leverage our financial resources, technical expertise, and supplier relationships towards delivery on our full potential and to the benefit of our customers, creating a measured risk profile and supporting strong returns, through the cycle.

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.

Discovery
See pages 24-25

Operating Model and P101
See pages 30

Marketing
See pages 29-30

Project development
See pages 24

FutureSmart Mining™ – Technology, Digitalisation and Sustainability
See pages 31-35

People

Our people are critical to all that we do. The partnerships we build locally and globally are central to maintaining our regulatory and social licences to operate and our sustained commercial success.

We create inclusive and diverse working environments that encourage and support a high performance culture and innovative thinking.

Our Organisation Model ensures we have the right people in the right roles doing the right value-adding work at the right time, with clear accountabilities that minimise work duplication and increase capability and effectiveness.

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 12-13

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 50-51

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 84-140

OUR INPUTS

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.

HOW WE MEASURE THE VALUE WE CREATE

 Safety and health  Environment  Socio-political  People  Production  Cost  Financial

 **For our pillars of value:** See page 15

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 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. Our search falls into two categories: greenfield exploration to find entirely new resources, and brownfield exploration to identify additional resources close to existing operations. 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, environmentally sound construction and operational mine plan. This work can take several years, depending on the complexities of the orebody, the physical environment of the site, its location relative to power and energy supplies and the route to market.



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. We mine copper, diamonds and platinum group metals, as well as iron ore, coal and nickel.



Process: By processing, converting and refining our raw materials we produce what customers need. As well as creating bespoke products for our customers, our processing technologies 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 often enormous volumes – particularly in the cases of iron ore and metallurgical coal – of our products to where they are needed, to our customers. We use the latest logistics technologies to co-ordinate and optimise our global shipping needs to deliver on time, every time. And we use our scale and detailed knowledge of the markets for our products to offer our customers a stable supply to their exact specifications – adding value every step of the way.



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. The technologies we use to rehabilitate help us get it right first time, which minimises our environmental footprint, while also safeguarding cash resources.

OUTPUTS

Our outputs are the products that meet the growing consumer and other demands of the world's developed and maturing economies. Mining and processing activities also result in the unavoidable disturbance of land, 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.

ATTRIBUTABLE FREE
CASH FLOW¹

\$2.3 bn

GROUP PRODUCTION
GROWTH

12%

Since 2012

CO₂ EQUIVALENT
EMISSIONS

17.7 Mt

GROUP ATTRIBUTABLE
ROCE²

19%

TOTAL WATER
WITHDRAWALS

209 Mm³

OUTCOMES AND STAKEHOLDER VALUE

As we strive to deliver attractive and sustainable returns to our shareholders, we are acutely aware of the potential 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. By re-imagining mining, we are improving people's lives.

INVESTORS

\$1.4 bn

Total dividends paid
and proposed

SUPPLIERS

\$3.8 bn

Local procurement
expenditure

GOVERNMENTS

\$3.0 bn

Taxes borne

LOCAL COMMUNITIES

132,082

Jobs created and
maintained through
enterprise development
programmes since 2008

EMPLOYEES

\$3.5 bn

Wages and
benefits paid



Safety



Care and
Respect



Integrity



Accountability



Collaboration



Innovation

UNDERSTANDING OUR STAKEHOLDERS

Our Purpose and Values

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

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

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

Engaging our stakeholders

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

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

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 stakeholders and other factors. These include the likely consequences of any decisions we make in the long term; 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 2019 received tailored, individual briefings on these duties, and the Board received updates in 2019.

As a major mining company, the Board understands that our wide range of stakeholders (identified on page 11) is integral to the sustainability of our business, underpinning our licence to operate. In addition, the Board is conscious that expectations around our performance and contribution to society – from local to global – are both diverse and continuously evolving.

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

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

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

The Board and its committees took a broad range of factors and stakeholder considerations into account when making decisions in the year. Decisions are made within the context of the long term factors that may impact the Group, including key competitive trends and disruptions; technology capability; and climate change considerations. For more detail on Board activity in the year, see pages 95-96. For more on the global trends that influence the mining industry and our business, see pages 16-17.

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; for several years, we have run regular surveys to identify areas where, for example we need to do more to ensure that colleagues feel cared for and respected. In 2019, we expanded our efforts through both listening to employees and reporting their opinions to the Board and executive management. We completed our largest-ever employee survey; created a Global Workforce Advisory Panel chaired by our senior independent director, Byron Grote; and hosted an employee Q&A session with members of the Board. The People and Governance sections of this report provide more detail on these engagements and explain the resultant outcomes.

 **For more information:**
See page 98

The Board (through its Sustainability Committee) monitors progress towards our Sustainable Mining Plan targets and how these may affect future decision-making. For example, in 2019, the Board or its Sustainability Committee discussed progress towards having all our operations assessed against credible responsible mining standards by 2025, as well as the far-reaching stakeholder engagement and environmental mitigation work at our Sakatti project in Finland. For more on the Sakatti project, see page 25 and for more on responsible mining standard certification, see page 30.

Key financial decisions in the year included approval of a share buyback of up to \$1 billion, in addition to the approval of final and interim dividend payments to shareholders and the approval of a number of value-accretive projects. For more on capital allocation, see pages 42-43.

The following pages describe the ways the Board received information about our various stakeholders and the main concerns and questions raised in 2019. Throughout this Strategic Report we have sought to demonstrate how the views of our stakeholders are embedded in how we do business, guided by our clear Purpose.

ENGAGING WITH OUR STAKEHOLDERS

Governments and multilateral institutions

How we engage

Face-to-face meetings with local and national government representatives; open dialogue and ongoing advocacy work – both directly and through industry bodies; participation in inter-governmental and multilateral processes.

Significant topics raised

- Compliance with mining licence and related requirements
- Contribution to national and international developmental priorities, such as job creation, skills development, public health and (in South Africa) transformation
- Taxation policy, including royalty and carbon taxes
- Wider sustainability and development agenda, including climate change.

For more information:
See pages 34-35

Industry/business associations

How we engage

Engagement throughout business bodies and initiatives.

Significant topics raised

- Contributing constructively in business initiatives, with the aim of enhancing the collective business interest
- General knowledge sharing on our approach to managing material sustainability issues.

For more information:
See pages 32-34

Investors

How we engage

AGM, investor roadshows, one-on-one meetings, results webcasts, sustainability presentation to investors, investor days and site visits.

Significant topics raised

- Progress of major projects
- Operating performance as a result of technology and innovation programmes
- View on market for Anglo American products
- Tailings storage facilities
- Environmental issues
- Minas-Rio recovery.

For more information:
See pages 98-99

Employees

How we engage

Creation of our Global Workforce Advisory Panel; ongoing dialogue between line managers and teams; global employee survey; employee presentations and Q&As; global themed engagement events (e.g. Global Safety Day); YourVoice. Ongoing dialogue through established industrial relations channels.

Significant topics raised

- Safety, health and well-being
- Working conditions
- Engagement and alignment with our Purpose
- Proposed changes to our operations or practices
- Opportunities for personal development.

For more information:
See pages 36-41 and page 98

Customers

How we engage

Business and industry forums; direct personal engagements.

Significant topics raised

- Delivery of product on agreed terms
- Evidence of environmentally and socially responsible performance and risk management.

For more information:
See pages 29-30



Civil society (NGOs, faith groups, academia)

How we engage

One-on-one interactions; various multi-stakeholder initiatives and partnerships; open and ongoing dialogue on tax transparency.

Significant topics raised

- Transparency and accountability on sustainability issues
- Ensuring responsible governance practices and respect for human rights
- Minimising environmental and community impacts
- Investing in social and community development
- Economic contribution of mining
- Sustainable tax principles.

For more information:
See pages 32-35

Suppliers and contractors

How we engage

Supplier events focused on particular topics; e.g. health and safety; supplier relationship management programme with strategic suppliers; local procurement and small business development initiatives; engagement via the sustainable and responsible supplier audit programme.

Significant topics raised

- Terms and conditions of contract
- Increasing procurement opportunities
- Ensuring the safety, health and well-being, and human rights of employees of contracting companies and suppliers.

For more information:
See page 35

Communities

How we engage

Ongoing site-level community relations engagement following the application of our Social Way; Groupwide complaints and grievance procedure.

Significant topics raised

- Access to jobs and supplier opportunities
- Access to skills development
- Quality and availability of public services, including housing
- Environmental and health concerns
- Transparency and engagement
- Distribution of social investment
- Tensions within and between community groups.

For more information:
See pages 34-35 and our Sustainability Report

OUR MATERIAL MATTERS

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 both our stakeholders and we believe have a material bearing on the success of the business in both 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.

Determining what is important

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

Our process for determining those matters involves three steps: consultation, analysis and approval. The consultation process in 2019 involved extensive desktop research, including: review of the Group Risk Register; global media coverage and analyst reports on Anglo American and the mining sector; and analysis of Board and executive discussions. During 2020, we will undertake the integrated materiality analysis in tandem with the in-depth sustainability materiality process we carry out every three years. The process will be led by a third party, who will liaise with external and internal stakeholders. Their findings will then be validated by the Group's leadership and the Board's Sustainability Committee.

At the heart of decision-making

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

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

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

For more information on the matters considered and discussed by the Board:
See pages 96

INSIGHTFUL AND CONSIDERED STRATEGIC DECISION-MAKING

INSIGHTS

Global trends and marketplace review

See pages 16-19

Stakeholder engagement and topics raised

See pages 10-11

Principal risks

See pages 46-49

Material matters

See pages 12-13

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.

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 14-15

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 42-43

Material matters in 2019

The matters identified through our materiality process were naturally numerous and wide-ranging. These were analysed and prioritised by senior management and then reviewed and approved by the Board.

In order for us to report against these material matters effectively, and demonstrate how they affect the delivery of our strategy, we have set them out under the headings listed in the table opposite.

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 46-49 of this report.

MATTERS IDENTIFIED AS MATERIAL TO OUR STAKEHOLDERS AND OUR BUSINESS

Material matters		Areas of impact
Safety and health‡	Protecting the safety and health of employees, contractors, local communities and other stakeholders is a fundamental responsibility for all mining companies. While protecting our workforce from harm's way is a moral imperative, our focus on zero harm also constitutes a direct investment in the productivity of the business and the physical integrity of our operations. A safe and healthy workforce translates into an engaged, motivated and productive workforce that mitigates operational stoppages, and reduces potential legal liabilities.	Strategic elements: 2 3 Pillars of value:     
Environmental impacts and climate change	Responsible environmental management, including the monitoring and management of tailings storage facilities (TSFs) and management of water consumption and discharge, is not only a major factor in legal compliance and permitting, but also plays a significant role in improving the balance of value from mining for our local stakeholders. Anglo American goes beyond established regulatory and industry standards in many respects to ensure that our managed TSFs are held to the highest standards of safety and stewardship, sharing our experiences with others in the industry to help build and maintain trust with all our stakeholders. Understanding the effects of climate change on our business and how they may impact our value chain is important as we strive to optimise the opportunities associated with the transition to a low-carbon future.	Strategic elements: 1 2 Pillars of value:     
Meeting our commitments to business stakeholders and society	Local communities and host governments rightly expect mining to bring significant economic benefits, and our ultimate goal is to leave host communities and governments better off than when we arrived. Anglo American aims to bring enduring economic prosperity to national and local economies through employment, our supply chain and the subsequent increase in local business and commerce, and a collaborative approach to regional development. Acting in an ethical, responsible and transparent manner is fundamental to Anglo American realising the significant business benefits gained from building trusted and constructive relationships with all our business stakeholders, and to maintaining our socio-political licence to operate.	Strategic elements: 1 2 3 Pillars of value:    
Workforce culture and capability	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; these are also essential for us to maintain our social licence to operate. We aim to foster a high performance, inclusive culture, through an organisational structure that is fit for purpose, resourcing this structure with the right capabilities and empowering leadership to deliver the desired outcomes.	Strategic elements: 3 Pillars of value:     
Operational and cost performance‡	The mining sector continues to face operating cost inflation, including labour costs, energy costs and the natural impact of ore-grade deterioration over time. In order to deliver our disciplined growth strategy and to maintain and improve our competitive position, Anglo American must deliver its financial improvement targets and minimise the number of unplanned operational stoppages that affect production and unit costs.	Strategic elements: 1 2 3 Pillars of value:   
Political and regulatory‡	Anglo American operates or is otherwise active in a number of countries where there is political instability and where the regulatory environment for the mining industry is uncertain.	Strategic elements: 1 2 3 Pillars of value:     
Macro-economic environment‡	Economic volatility in those countries that are major consumers of the Group's products could have a negative impact on demand for those products. Demand may also be negatively affected by product substitution and/or fundamental shifts in market forces.	Strategic elements: 1 2 Pillars of value:   

PILLARS OF VALUE

-  Safety and health
-  Environment
-  Socio-political
-  People

-  Production
-  Cost
-  Financial

 For our pillars of value:
See page 15

STRATEGIC ELEMENTS

- 1** Portfolio
- 2** Innovation
- 3** People

 For our strategic elements:
See pages 20-41

THE PURPOSE TO REWARD JOURNEY

Our strategy is to secure, develop and operate a portfolio of high quality and long life resource 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.

OUR PURPOSE

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

Mining has a smarter, safer future.

Using more precise technologies, less energy and less water, we are reducing our physical 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.

OUR STRATEGIC ELEMENTS

1

Portfolio

The quality and long life of our mineral assets are the foundation of our global business. We focus on securing and continuously improving assets that offer the most attractive long term value-creation potential, as measured by sustainable cash flow and returns.

The scale and diversity of our portfolio allow us to leverage our financial resources, technical expertise, and supplier relationships towards delivery on our full potential and to the benefit of our customers, creating a measured risk profile and supporting strong returns, through the cycle.

For more on Portfolio:
See pages 20-25

2

Innovation

Across every aspect of our business, we are thinking innovatively about how we ensure the safety of our people, enhance our sustainability performance, and deliver enduring value for all our stakeholders.

From exploration to delivering our products to our customers, FutureSmart Mining™ is our innovation-led pathway to sustainable mining. Coupled with the best-in-class operational improvements being delivered from our unique Operating Model and P101 programme, we are fundamentally changing the way we extract, process and market our products, and will provide the next step-change in operating and financial performance.

For more on Innovation:
See pages 26-35

3

People

Our people are critical to all that we do. The partnerships we build locally and globally are central to maintaining our regulatory and social licences to operate and our sustained commercial success.

We create inclusive and diverse working environments that encourage and support a high performance culture and innovative thinking.

Our Organisation Model ensures we have the right people in the right roles doing the right value-adding work at the right time, with clear accountabilities that minimise work duplication and increase capability and effectiveness.

For more on People:
See pages 36-41

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 on Capital allocation:
See pages 42-43

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.

FutureSmart Mining™

FutureSmart Mining™ is our innovation-led pathway to sustainable mining. Technologies and digitalisation will fundamentally change how we mine, process, move and market our products; and our Sustainable Mining Plan will transform how our stakeholders experience Anglo American.

For more on FutureSmart Mining™:
See pages 31-32



Technology

We are integrating technologies to enable safe mining, removing people from harm's way, and to more precisely target metal and mineral with less waste, water and energy.

For more on Technology:
See page 31

Digitalisation

Our vision is to create a truly smart, connected mine, transforming vast quantities of data into predictive intelligence with the ultimate aim of creating a self-learning operation that offers new levels of safety, stability and predictability.

For more on Digitalisation:
See page 31

Sustainability

Our far-reaching Sustainable Mining Plan is built around three major areas or global sustainability pillars, which are aligned to the UN's Sustainable Development Goals.

For more on our Sustainable Mining Plan:
See pages 31-32

MEASURING DELIVERY OF OUR STRATEGY

We track our strategic progress on an ongoing basis 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

For our KPIs: See pages 50-51

BALANCED REWARD

Anglo American's directors' remuneration policy⁽¹⁾ 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).

Fixed pay

Basic salary levels are reviewed annually by the Remuneration Committee, taking into account company performance, individual performance, levels of increase for the broader population and inflation. Reference may be made to the market median of FTSE 50 and natural resource companies, or other peer groups, to ensure market alignment.

Pension levels are offered at market-competitive levels. New executive directors are appointed with a pension level equal to the wider workforce.

Annual bonus

Annual bonus performance measures include:

- 50% on underlying earnings per share (EPS). EPS is one of the Group's key financial measures of performance and is set on an annual basis to ensure targets are demanding yet realistic
- Individual measures which have a focus on portfolio delivery, innovation and high performing teams
- 10% on safety, health and environment (SHE) measures
- A safety deductor may be applied, to hold our business leaders personally accountable for any failures in our journey to the goal of zero harm
- To help ensure sustainable long term performance, 60% of any annual bonus is deferred into shares for a minimum of three years and is subject to malus and clawback

Long Term Incentive Plan (LTIP)

The LTIP performance measures are aligned to our strategic objectives over a three-year performance period. Vested LTIP awards are subject to malus and clawback and must be held for an additional two years to encourage alignment of executive and shareholder interests.

The LTIP performance measures and weightings are:

- 70% subject to Group TSR, with two-thirds relative to the Euromoney Global Mining Index and one-third relative to the constituents of the FTSE 100 index
- 30% subject to a balanced scorecard of financial and strategic objectives, including environmental and broader sustainability targets

Shareholding targets

Executive directors are expected to hold shares in the company with a value of three times salary for the CEO and two times salary for other executive directors. This encourages further alignment with shareholders.

For our KPIs: See pages 50-51

⁽¹⁾ This reflects the policy for 2019. A new remuneration policy, effective for 2020-2022, will be taken to a shareholder vote at the AGM in May 2020.
For more details: See pages 110-138



Safety



Care and Respect



Integrity



Accountability



Collaboration



Innovation

MARKETPLACE REVIEW

GLOBAL TRENDS

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

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

1

Moving towards a cleaner world – the transition towards lower-emission transport and energy solutions

What is it?

- In light of society's concerns around the expected impacts of climate change, many countries are working to curb greenhouse gas and other noxious emissions across multiple sectors and through the entire production value chain.
- The global response includes a transition towards lower-emission transport and energy generation, two of the largest carbon-emitting sectors.

What does it mean for our industry?

- Energy generation emissions are being reduced primarily through the development of renewable energy. This will likely generate demand for steelmaking ingredients (iron ore and metallurgical coal) and copper. Measures to reduce emissions from coal-fired power plants include using higher quality thermal coal.
- In transport, reducing carbon emissions is dependent on adoption of electric vehicles (EVs). Batteries and fuel cells are the likely powertrains for EVs and both have the potential to create demand for a range of metals, including PGMs, copper, nickel and manganese. Tightening emissions standards for internal combustion engine vehicles requires more PGMs in catalytic converters.
- An increasing focus on the environmental performance of mining companies.

Delivering value through our strategy

- We mine the metals and minerals that will help the transition to a cleaner, greener, more sustainable world, including: PGMs for catalytic converters in internal combustion engines, as well as a catalyst in hydrogen fuel cells; copper used in EVs and renewable energy generation; and nickel in batteries within EVs.
- We work closely with our customers to provide the niche steelmaking products they require to achieve their environmental goals, including lump and high quality iron ore from Kumba; low impurity iron ore pellet feed from Minas-Rio; and high quality hard coking coal from our Metallurgical Coal mines in Australia.

 **For more on our Portfolio:**
See pages 20-25

 **For more on Innovation:**
See pages 26-35

2

Emerging wealth – changing demographics

What is it?

- A number of developing countries, particularly China, have experienced a period of rapid urbanisation and industrialisation over the last two decades, resulting in an unprecedented number of households entering the wealthier middle class.
- A number of other countries and regions are expected to experience greater economic maturity in the decades ahead, particularly India, south east Asia, South America and ultimately Africa.

What does it mean for our industry?

- As disposable incomes increase, so the demand for metals that are used in consumer goods (e.g. copper, nickel and manganese) may increase.
- As purchasing power increases, so too does the appetite for luxury goods and services. Demand for later-cycle products, such as PGMs and diamonds, is expected to increase.

Delivering value through our strategy

- Anglo American has a diversified product portfolio, mining products that are well placed to serve the needs of the expanding global middle class.
- We have exposure to some of the largest resource bases in both PGMs and diamonds. We also have world class copper resources in Los Bronces and Collahuasi, as well as the Quellaveco copper project in Peru. We have exposure to nickel through Barro Alto and Codemin, and as a by-product of our PGM mines.
- Our innovative market development and investment programmes aim to stimulate demand for our products and, in particular, PGMs.

 **For more on our Portfolio:**
See pages 20-25

 **For more on Innovation:**
See pages 26-35

3

Evolving societal and regulatory expectations

What is it?

- Political uncertainty and protectionist trade policies can adversely affect global economic growth and, consequently, the demand for mined products.
- These have been major factors in the significant price volatility experienced in the commodity markets in recent years.
- Governments in countries where mining is a material source of national revenue are under pressure to deliver more benefit and regulatory reform, while not deterring much-needed private sector investment.
- Mining companies are also facing greater demands and expectations from diverse stakeholder groups, with often competing interests, in the context of greater societal intolerance for poor business and sustainability practices.

What does it mean for our industry?

- The uncertain regulatory environment in some countries can lead to delays in licensing and permitting and higher taxes and royalties, all of which can deter investment in those countries.

Delivering value through our strategy

- FutureSmart Mining™ – and, within it, our approach to sustainability – is designed to help meet society's expectations about the physical nature of mining, as well as to work with governments to advocate for progressive regulatory frameworks that encourage and support investment in modern mining.
- Our Operating Model and P101 programme are designed to put us at the forefront of established best-in-class performance – offering insulation from price and other volatility by placing us at the low end of the industry cost curves.
- The technologies we are deploying and our holistic approach to sustainability will begin to address society's rightful expectations about water and energy consumption, further supporting our licence to operate and helping us to access previously uneconomic orebodies.

For more on Innovation:
See pages 26-35

For more on Capital allocation:
See pages 42-43

4

A more challenging physical environment for mining

What is it?

- Maintaining long term supply for some metals and minerals is becoming ever more difficult for a number of reasons, including:
 - Availability of both water and energy
 - Declining ore grades
 - Increasing infrastructure costs as mines are built in more remote locations
 - The shift to underground mining as easy to access near-surface orebodies become depleted.

What does it mean for our industry?

- The factors described above are contributing to structural upward cost pressure across the mining industry.
- Consequently, mining companies face a significant challenge to reduce costs and improve productivity. Technological innovation and operational improvements are likely to be critical to achieving sustainable cost and productivity improvements and the ability to supply the market over the long term.

Delivering value through our strategy

- In recent years, Anglo American has upgraded the quality of its portfolio and is now operating a suite of high quality, long life, high margin assets across structurally attractive markets.
- Our innovation-led pathway to sustainable mining – FutureSmart Mining™ – uses innovative mining methods and technologies to overcome challenges of water, lower grades and energy constraints and reduce capital intensity and operating costs.
- Our Discovery strategy enables us to discover superior-value deposits that have the potential to enhance the production profile and competitive position of the Group over time, and which play a vital part in delivering a sustainable future.

For more on Innovation:
See pages 26-35

5

The circular economy

What is it?

- One of the great challenges society faces is the over-consumption of resources. On some projections, more than 2 billion new consumers could join the global middle class by 2030 – a situation that will put further strain on the planet's resources.
- The circular economy entails gradually decoupling economic activity from the consumption of finite resources, with the aim of eliminating waste and maximising efficiency of resources.

What does it mean for our industry?

- A decoupling of resource consumption from economic activity could lead to an overall reduction in demand for primary mined material. This trend may require the mining industry to balance activity between resource extraction and resource management in ensuring that appropriate raw materials are available, either through production or recycling.

Delivering value through our strategy

- Our participation across the value chain allows us to apply our innovations in technology and sustainability across the entire value chain, beyond only upstream production.

For more on Innovation:
See pages 26-35

MARKETPLACE REVIEW CONTINUED

REVIEW OF 2019

Global growth resilient

For 2019, the IMF estimated global GDP growth at 2.8%, lower than the 3.6% recorded in 2018. Year-on-year growth was maintained in most areas, despite the drag of escalating trade disputes, as well as global geo-political tensions.

Prices for a number of Anglo American's products performed better than in 2018. Overall, platinum group metals' exposure to stricter environmental regulations in the automotive sector proved to be a positive factor, notably for palladium.

Trade and politics

World economic growth was maintained in 2019 at reasonable levels despite the US-China trade dispute, with associated trade barriers and disruptions continuing to weigh on economic growth. The US economy remained buoyant, growing by 2.3% over the year (2018: 2.9%), even with the uncertainty over the USMCA trade agreement (which is set to replace the previous NAFTA deal between the US, Canada and Mexico), and headwinds resulting from the fading fiscal stimulus and ongoing trade tensions.

In China, commodity demand remained resilient, supported by government policy stimulus and a strong construction sector. This occurred even though there was slowing industrial output, which reached a 17-year low of 5% growth in May 2019, and subdued power-generation growth.

In aggregate, Chinese GDP is estimated to have grown by 6.1% in 2019 (2018: 6.6%), and is expected to be 6.0% in 2020.

Domestic demand in south east Asia has been supported by accommodative regional macro-economic policies, despite these countries having been exposed to the adverse economic impacts of reduced trade, owing to their high export orientation and strong trade integration with China. The potential for trade tariffs being implemented on the region's exports, in addition to those on Chinese exports, remains a downside risk to growth.

Emerging-market economies faced several headwinds, including from a strong US dollar. In India, GDP growth declined to just 4.8% (2018: 6.8%), leading to India's central bank cutting interest rates five times during 2019, with further stimulus measures expected.

In South Africa, the rand depreciated by 9% on average against the dollar against the backdrop of a slow economy, interruptions to the power supply, the precarious position of certain state-owned enterprises, and the risk of industrial action.

Markets review

Diamonds

Against a backdrop of subdued economic growth, preliminary data for 2019 suggests consumer demand for diamond jewellery will be flat compared with 2018.

Midstream sentiment has been depressed owing to the closure of some US 'bricks and mortar' retail outlets, an increase in online purchasing, retailers increasing their stock held on consignment and the coinciding weakening of polished diamond prices. In response, rough diamond producers offered fewer rough diamonds, which, in turn, led to a decrease in purchases and manufacturing levels at cutting centres. This contributed to the average rough price index for diamonds decreasing by 6% in 2019, while the spot polished price index is estimated to have declined by 3%-5%.

Inventory levels are estimated to have been balanced as the trade prepared for the US Christmas selling season, supporting an improvement in midstream sentiment and rough diamond purchases towards the end of the year. Limited midstream rough diamond purchases during the second six months, along with stable consumer demand, are expected to have supported the diamond pipeline returning to a balanced, steady state by the end of 2019.

Platinum Group Metals (PGMs)

PGMs prices fared well in 2019, with palladium reaching a record \$1,980/oz and rhodium recording an 11-year high of \$6,155/oz.

Platinum climbed from \$794/oz to \$971/oz over the course of the year. Increasingly strict emissions regulations supported higher PGM loadings on vehicles, particularly in China, resulting in PGM demand growth from the global automotive sector, despite weak automotive sales in many parts of the world.

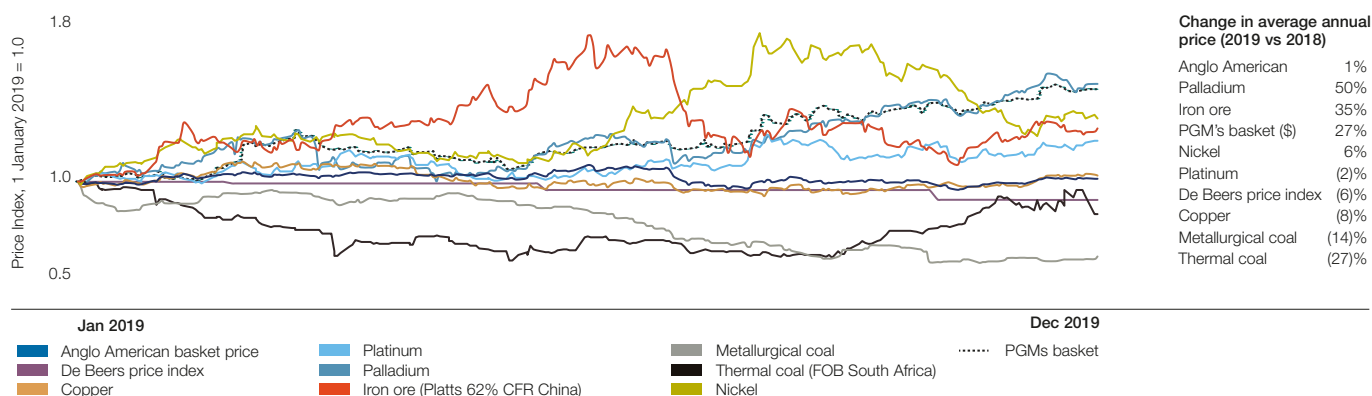
Platinum demand was supported by increases in the investment and industrial segments, although it faced some headwinds, including softer jewellery sales in China, in line with the country's slower economic growth, and weaker demand in the European and Indian light-duty diesel vehicle sector.

Palladium remained in a deficit of approximately 1.1 million ounces in 2019, while rhodium was more closely balanced.

Despite the weak automotive sector, the current vehicle sales levels, if maintained, would support palladium and rhodium, against a potential backdrop of constrained supply growth.

Primary mined platinum and palladium remained broadly flat year-on-year, at around 13 million ounces. South African output was flat at 7.1 million ounces, while secondary supply increased by 10% to 5.1 million ounces (2018: 4.7 million ounces).

INDEXED 2019 PRICES



Source: Anglo American Commodity Research

Base metals

Global refined copper consumption increased by an estimated 1.5% in 2019. However, the metal price struggled owing to slower than expected growth in China, largely as a consequence of the ongoing US-China trade dispute. The copper price decreased to an average of 272 c/lb in 2019 (2018: 296 c/lb).

Tighter environmental restrictions continue to affect copper scrap imports into China, supporting growth in apparent refined demand. In the medium term, the lean supply pipeline and the growing global middle class population should be positive for metal demand.

Nickel demand was more robust, primarily driven by a 3.3% increase in stainless steel output, the largest end-use application for nickel, resulting in an estimated deficit of 23,000 tonnes in 2019. The nickel price reached a high of 845 c/lb and averaged 632 c/lb, a 6% increase (2018: 595 c/lb).

Bulk commodities

Global crude steel production is estimated to have increased by approximately 3% in 2019, supported primarily by increased output in China. While output increased by around 7%, driven by government stimulus and infrastructure investment, elsewhere several key steel markets exhibited either weak or negative growth owing to the slowdown in global economic growth generally and exacerbated by the impact of the US-China trade dispute.

Persistent supply tightness supported iron ore prices throughout 2019. In the first half, the loss of output following the Brumadinho dam disaster and adverse weather in Brazil and Australia, combined with strong steel production in China, pushed iron ore prices above \$100/tonne for the first time since 2014. Prices fell back during the second six months as supply gradually recovered, with the full year benchmark CFR China 62% Fe price averaging \$93/tonne (2018: \$69/tonne).

Premiums and discounts for high grade and low grade ore were narrower than in 2018 due to a decrease in steel mill profitability; however, the average lump premium increased, reflecting the continued tight market. Global iron ore consumption increased by 1.7% to 2.23 billion tonnes (2018: 2.20 billion tonnes).

Metallurgical coal showed continued strength in the first half of the year, with benchmark hard coking coal (HCC) prices consistently above \$200/tonne on an FOB Australia basis, owing to strong crude steel output, particularly in China. However, a combination of factors, including weakening steel markets outside of China, particularly in Europe and India; an increase in seaborne volumes from Australia; customs clearance restrictions for coal imports at Chinese ports; and weaker global thermal coal prices saw the benchmark HCC price fall significantly in the third quarter. Across the year, the average HCC benchmark price was \$177/tonne (2018: \$207/tonne), with global consumption of metallurgical coal increasing by 2% to 1.15 billion tonnes (2018: 1.12 billion tonnes).

Thermal coal prices were driven lower by a combination of factors, including an increase in exports from Russia and Indonesia, combined with decreased demand from Europe as significant supply growth in the gas market drove down European gas prices, displacing coal-fired power generation. For the year as a whole, the FOB South Africa price averaged \$72/tonne (2018: \$98/tonne).

Outlook

Global economic growth is expected to remain subdued in 2020, with forecasts highly dependent on trade and broader geo-political issues. Downside risks include an escalation of the US-China 'trade war'; worsening or a flare-up of the coronavirus; a disorderly Brexit; a continued slowdown in India; and growing economic nationalism in the form of trade barriers, capital restrictions and asset protection. While a global recession remains unlikely, a period of slower growth is likely, with the full impact of the coronavirus on commodities yet to fully play out. If there are early signs of an improving economic situation in Asia and of more positive customer sentiment, this would broadly support further upside demand for our products.

PORTFOLIO

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

Material matters discussed in this section

- ▶ Macro-economic environment
- ▶ Operational and cost performance
- ▶ Meeting our commitments to business stakeholders and society
- ▶ Political and regulatory



HIGHLIGHTS

\$1.2 billion

Underlying EBITDA contribution from Minas-Rio in 2019

Up to 30 Mtpa

Potential long term production from Minas-Rio, once all aspects of the operation have been optimised

~3.2 bn ROM tonnes

Minas-Rio Ore Reserves at 33.5% Fe

Pillars of value

-  Environment
-  Socio-political
-  Financial

 For our KPIs:
See pages 50-51

▶▶ Minas-Rio's low impurities pellet feed is greatly in demand, being ideally suited for a cleaner steelmaking world."



▼ Ultrafine feeding of iron ore in concentrate at the Minas-Rio mine site in Minas Gerais, Brazil.

Minas-Rio's remarkable recovery

Minas-Rio mine in Brazil taps into a large scale iron ore deposit, the resource base of which we have steadily extended since acquiring the asset more than a decade ago. Current estimates indicate Ore Reserves of approximately 3.2 billion ROM tonnes at 33.5% Fe⁽¹⁾ – and indications are that this highly prospective area has considerably more potential.

Minas-Rio's final product is around 67% Fe grade content, significantly higher than the industry average, with low levels of contaminants. With growth in population and economic output needing to be met by growth in the supply of steel, Minas-Rio's low impurities pellet feed is greatly in demand, being ideally suited for a cleaner steelmaking world. Furthermore, the value we attract for the product is being enhanced through our Marketing team's expertise, which is focused on ensuring that we are a reliable and competitive provider of customer-specific, tailored products.

Minas-Rio is making a growing contribution to the Group, reflecting not only the strong ramp-up following the restart of operations in December 2018, but also cost efficiencies associated with higher ore recoveries. Our original 2019 production guidance was revised upwards during the year, with total output reaching 23.1 Mt by year end. We have begun work to take production beyond nameplate capacity of 26.5 Mtpa towards a potential 30 Mtpa by optimising all aspects of the operation.

During the suspension of the operation in 2018, when leakages were found in the 529-kilometre pipeline that transports the iron ore to the coast, we took the opportunity to review the whole operation so that, once we were able to restart, we could maximise our production ramp-up while maintaining operational stability.

We carried out a comprehensive internal inspection of the entire pipeline, replacing sections where necessary. We have installed a fibre-optic system with a variety of sensors along critical sections of the pipe to continuously monitor

performance, and have reduced the intervals for future inspections from five to two years. Further refinements were made in ore processing to enhance recoveries. We brought forward equipment and vehicle maintenance, and we retrained our workforce so that they were fully prepared for the resumption of activities.

As part of the spillage clean-up operation and subsequent rehabilitation process, and working with the authorities and our local communities, we continued to supply water to the communities, while simultaneously taking action to prevent ore slurry entering the nearby river. Today, the communities now have two water-supply options and the condition of the watercourse is better than before the spillages occurred. We also worked on rolling out emergency-preparedness plans, such as community-emergency drills and installing warning alarms in households, so that everyone is fully prepared in the unlikely event of another pipeline breach.

It was also a prerequisite for us to put safety first in the raising of the dam crest at the tailings storage facility. This facility uses a downstream construction design and takes the form of an earth-fill embankment dam, built using compacted fill materials, with no tailings used in its construction. Our comprehensive safety management programme for the tailings dam includes routine internal geo-technical inspections, geo-technical instrumentation, instrumentation-data analysis, bathymetric surveys, and audits. The facility also incorporates a new technique, which we developed in-house, that provides real-time information on the amount of water contained, as well as fibre-optic installations that provide real-time monitoring of any strain, deformation and seepage.

In securing the Operating Licence for the tailings dam raise in December 2019, Minas-Rio has achieved yet another major milestone on its journey to become a sustainably profitable, globally cost-competitive producer of high grade iron ore products.

⁽¹⁾ See Ore Reserves and Mineral Resources Report 2019 for full details.

PORTFOLIO CONTINUED

Anglo American's portfolio of world class mining operations and undeveloped resources – spanning diamonds (through De Beers), copper, platinum group metals, iron ore, coal, nickel and manganese – provides the metals and minerals that enable a cleaner, greener, more sustainable world.

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

Building strategic advantage

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

In assessing our asset portfolio, we consider:

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

Our product groups

Diamonds

De Beers has a global leadership position in diamonds, producing around a third of the world's rough diamonds, by value. Within its portfolio, De Beers (Anglo American: 85% interest), in partnership with the Government of the Republic of Botswana, has one of the richest diamond mines, by value, 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 increase the depth of the mine to 800 metres to extend the life of the mine; Debmarine Namibia has an additional custom-built diamond mining vessel in construction; and in South Africa, Venetia is transitioning underground, extending the life of mine to 2046.

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

Through its differentiated rough diamond distribution model, which comprises term contract Sightholders, Accredited Buyers and Auction Sales customers, De Beers has a range of insights into its customers' demand patterns. De Beers seeks to stimulate consumer demand for diamonds through its Forevermark™ and De Beers Jewellers brands and through its participation in the Diamond Producers Association.

Copper

Anglo American has a world class asset position in copper, built around its interests in two of the world's largest copper mines – Los Bronces (a 50.1% owned operation) and Collahuasi (44% owned joint operation), with Reserve Lives of 35 years and 51 years, respectively. The resource base of these assets underpins our future near-asset growth opportunities, in addition to the tier one Quellaveco project we are developing in Peru – one of the world's largest untapped copper orebodies, and the polymetallic Sakatti deposit in Finland.

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

Platinum Group Metals (PGMs)

Our Platinum Group Metals (PGMs) business (held through an effective 79.4% interest in Anglo American Platinum Limited) is a leading producer of platinum, palladium and the other PGMs. It mines, processes and refines the platinum basket of metals from its high quality resource base, located in one of the biggest PGM deposits – the Bushveld Complex in South Africa. It also has a significant stake in Unki – one of the world's largest PGM deposits outside of South Africa, on the Great Dyke in Zimbabwe.

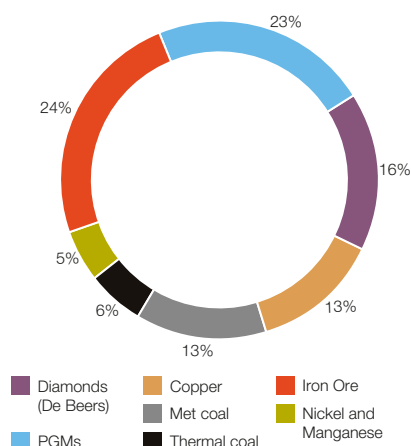
Our flagship mine, Mogalakwena, is the highest margin PGM producer in the industry and, as the only large open-pit PGM mine globally, is at the centre of a more flexible, competitive and lower risk business.

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

Demand for platinum is forecast to increase over time, given the ongoing trend towards cleaner-emission vehicles, driven by more stringent global emissions legislation.

ASSET QUALITY: DIFFERENTIATED PORTFOLIO

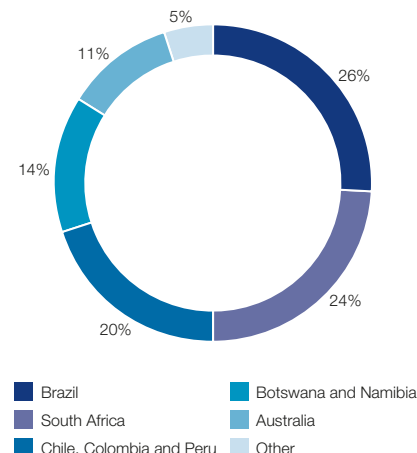
Revenue by product⁽¹⁾



⁽¹⁾ Revenue by product based on business unit. Excludes sales of products purchased from third parties by our Marketing business.

⁽²⁾ Attributable basis.

Capital employed by geography⁽²⁾



Increasing demand from the automotive industry is likely to be augmented by growing opportunities for emerging new applications, including hybrid and hydrogen fuel cell electric vehicles, while emerging countries such as India offer the potential of developing, from a relatively low base, into significant platinum jewellery markets.

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

Iron ore

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

In Brazil, we have developed the Minas-Rio operation (100% ownership), consisting of an open-pit mine and beneficiation plant, which produces a high grade pellet feed product, with low levels of contaminants. The iron ore is transported through a 529-kilometre pipeline to the iron ore handling and shipping facilities at the port of Açú, in which Anglo American has a 50% shareholding.

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

Coal: metallurgical and thermal

Our coal portfolio is geographically diverse, with metallurgical coal assets in Australia, and thermal coal assets in South Africa and Colombia. Since 2012, we have more than halved our thermal coal production footprint.

Metallurgical coal – Australia

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



Truck operator Ricardo Guerra surveys a section of the future mining area of the Los Bronces Integrated Project.

A win-win project

Los Bronces is located in the Andes, 3,500 metres above sea level, some 65 kilometres north east of Chile's capital, Santiago. It has been mined for more than 150 years and is one of the country's major copper producers, producing 335,000 tonnes of copper in 2019.

But to maintain or increase copper production from current levels, Los Bronces will need access to higher grade ore. So, in July 2019, Anglo American submitted an environmental impact study to the Chilean authorities for the Los Bronces Integrated Project, and has recently started the environmental permitting process.

Los Bronces' location in a region with glaciers means that current and future mining operations must not affect the surface of any protected area or have an impact on nearby glaciers. For the current open-pit mine, our operational continuity plans involve expanding its surface by pushing back the perimeter to access better quality mineral-bearing ore. We are extremely careful to make sure that we have no impact on glaciers, biodiversity areas or other water resources in the region.

Five kilometres away, we are proposing to develop an underground mine to exploit a contiguous deposit. We plan to use an internationally proven mining method of extracting mineral by underground blocks, which are then filled in with mainly rock and around 3% of cement mixture to ensure surface stability.

We have built in environmental considerations from the earliest planning stage to guarantee the project will have no impact on the surface

and no effect on actual water supplies. This underground phase will replace low grade ore from the current open-pit mine with higher grade ore and will utilise the existing processing plant's capacity.

What's more, we will use our current tailings facilities and use similar levels of water and energy as we do today. Currently, 70%-80% of total water used in processing activities is recycled – we plan to upgrade the water-recirculation system to further increase the amount of water we recycle, with no adverse impact on water quality in the region as a result of our operations. At the same time, as part of our FutureSmart Mining™ approach to technology and sustainability, we are integrating enabling technologies in fields such as bulk ore sorting and coarse particle recovery to precisely target the metal and mineral, with less water, energy and waste.

We have spent six years of study, and three years consulting with government, local communities, NGOs and other stakeholders to make sure we can safeguard nearby protected areas and surrounding glaciers, and will not increase freshwater use, or raise traffic levels on local roads – and that the project will have significant and widespread economic and other benefits.

At Anglo American, we believe that mining, which is vital to the Chilean economy, can co-exist with the conservation of the environment and particularly the presence of glaciers, while at the same time making a long-lasting contribution to the development of the surrounding communities and the country as a whole.

PORTFOLIO CONTINUED

Our tier one metallurgical coal assets include the Moranbah North (88% ownership) and Grosvenor (100% ownership) metallurgical coal mines, both located in Queensland. The mines are underground longwall operations and produce hard coking coal. More stringent environmental and safety regulations in China have led to a number of domestic coal mine closures and a requirement for steel producers to run cleaner, larger and more efficient blast furnaces, resulting in increased demand and prices for high quality coking coal, such as that produced by our Australian mines.

Export thermal coal – South Africa

We have refocused our South African coal portfolio to concentrate on export markets, having successfully completed the sale of the majority of our domestic coal mines, more than halving our production footprint since 2012. We supply around 19 million tonnes of thermal coal per year to export markets.

Coal South Africa's export product is derived from three wholly owned and wholly operated mines – Goedehoop, Greenside and Khwezela; Zibulo (73% owned); as well as from Mafube colliery, a 50:50 joint operation.

Our operations route all export coal through the Richards Bay Coal Terminal, in which we hold a 23.2% stake.

Export thermal coal – Colombia

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

Nickel and manganese

Nickel

Our Nickel business has the capacity to produce around 45,000 tonnes per year of nickel, whose primary end use is in the global stainless steel industry. Our assets (both 100% owned) are in Brazil, with two ferronickel production sites: Barro Alto and Codemin.

Manganese

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

Portfolio restructuring in the year

We will continue to refine and upgrade our asset portfolio as a matter of course 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 2012, 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, and closure of less attractive assets, resulting in a step-change in our operational performance, profitability and cash flow generation.

Portfolio management

In 2019, the Group commenced, or completed, a number of transactions. We entered into a transaction, expected to complete in 2020, to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor through the sale of 12% in Grosvenor mine to the minority shareholders in Moranbah North. The Grosvenor mine uses Moranbah North's coal processing infrastructure, where numerous debottlenecking, expansion and product blending options offer considerable cost, productivity and margin benefits for the integrated operation.

We also completed the two-phased restructuring plan of Atlatsa (PGMs), which entailed, among others, the acquisition of the exploration properties adjacent to Mogalakwena mine.

Namdeb Holdings, a joint operation between the Namibian government and De Beers, announced the sale of Elizabeth Bay in September 2019.

In January 2020, Anglo American announced that an agreement has been reached with the board of Sirius Minerals Plc ('Sirius') on the terms of a recommended cash acquisition for the entire issued and to be issued share capital of Sirius. Anglo American identified Sirius's Woodsmith polyhalite project in North Yorkshire (the 'Project') as being of potential interest given the quality of the underlying asset in terms of scale, resource life, operating cost profile and the nature and quality of its product. The Project has the potential to fit well with our established strategy of focusing on world class assets, particularly in the context of Anglo American's portfolio trajectory towards later-cycle products that support a fast growing global population and a cleaner, greener, more sustainable world. The proposed transaction is subject to regulatory and Sirius shareholder approval.

Anglo American Platinum completed the disposal of its 33% interest in the Bafokeng Rasimone Platinum Mine associate to Royal Bafokeng Resources Proprietary Limited (RBR) in December 2018, for a total consideration of around \$150 million, of which approximately \$110 million was deferred. The outstanding consideration, including accumulated interest, was settled in full by RBR in January 2020.

Projects

Strict value criteria are applied to the assessment of Anglo American's portfolio of future growth options. Where appropriate, we aim to seek partners for the development of major greenfield projects at the right time and for value, and are likely to not commit to the full development of more than one such project at any given time. The Group will continue to maintain optionality to progress with value-accretive projects.

Project execution at Quellaveco is on track, with all key milestones for 2019 achieved on schedule.

The project is expected to deliver first production in 2022, within the \$5.0-\$5.3 billion capital expenditure estimate (100% basis; Anglo American share: \$2.5-\$2.7 billion), with ramp-up in 2023. Quellaveco expects to deliver around 300,000 tonnes per annum of copper equivalent production (on a 100% basis) on average in the first 10 years of operation.

In May 2019, we announced the approval by Debmarine Namibia, a 50:50 joint operation between De Beers and the Namibian government, for the construction of a new custom-built diamond recovery vessel. At an expected total capital cost of \$0.5 billion (\$0.2 billion attributable to Anglo American), this new vessel will become the seventh in the Debmarine Namibia fleet. It is expected to begin production in 2022, with the capacity to add 500,000 high quality carats of annual production, a 35% increase above Debmarine Namibia's current levels.

In July 2019, the Board approved the Aquila project to extend the life of the Capcoal underground hard coking coal operations in Queensland, Australia, by six years, to 2028. At an expected attributable capital cost of \$0.2 billion, Aquila offers a high-margin extension to the mine, with an average annual saleable production of 3.5 Mt (attributable) of premium quality hard coking coal. Development work began in September 2019 and first longwall production is expected in early 2022.

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

 [For more on the progress of our Quellaveco project: See page 63](#)

Discovery

Discovery and Geosciences, including our exploration activities, is consolidated across the Group, covering near-asset and greenfield

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

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

Quality discovery portfolio

We are concentrating on the discovery of mineral deposits in existing and new districts that are capable of delivering sustainable returns on a material scale, and which provide greater diversification and optionality for the business.

We maintain a robust and diverse discovery portfolio, including:

- Near-asset discovery projects: focused on the extensive mineral tenure around Anglo American's existing operations, including those producing copper, PGMs, nickel, diamonds, iron ore and metallurgical coal.
- 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 250% to c.3.9 Bt @ 1.14% TCu (see Ore Reserves and Mineral Resources Report 2019 for full details). In other districts such as Quellaveco (Peru) and Mogalakwena (South Africa), significant new copper and PGM prospects respectively have been identified and are currently being explored and evaluated.
- Greenfield discovery projects: identifying and securing district-scale mineral tenure covering strategic, highly prospective search space in established and frontier settings. The greenfield discovery focus includes copper, diamonds (through De Beers), nickel and PGMs. The Group has active greenfield programmes in Australia, Canada, Greenland, South America (Brazil, Chile, Ecuador, and Peru), Europe (Finland), and southern Africa (Angola, Botswana, Namibia and Zambia).

Innovation and technology are at the heart of a differentiated discovery strategy

By applying leading scientific understanding of how world class mineral systems are formed at all scales, we aim to identify and create material value through discovery in the earth's most prospective ground. A combination of established and novel proprietary technologies is crucial to Anglo American's track record of mineral discoveries in new settings and beneath the cover of overlying material, such as younger rock sequences or desert sands. Innovative discovery technologies employed by Anglo American include the SPECTREM^{PLUS}

airborne geophysical system, and the Low-Temperature Superconducting Quantum Interference Device (LT-SQUID) ground-based geophysical system, both developed through Anglo American-driven collaborations. SPECTREM^{PLUS} collects high-resolution electromagnetic, magnetic, radiometric and gravity information about the sub-surface in a single airborne platform. The LT-SQUID is a highly sensitive magnetometer that is particularly useful for sensing metallic sulphide deposits in complex geological environments that otherwise lack expression at surface.



▼ The Sakatti polymetallic project north of the Arctic Circle in Finland is currently at pre-feasibility stage.

Sakatti – responsible resource development

Sakatti is a wholly owned project, located 150 kilometres north of the Arctic Circle in Finnish Lapland, which we discovered in 2009. It lies on a rich polymetallic deposit containing base metals such as copper, nickel and cobalt, and also platinum, palladium, gold and silver. The high concentrations of these metals, combined with consistency of the deposit's mineralisation, make Sakatti a highly attractive deposit, with significant further exploration potential.

Though still at the pre-feasibility stage, Sakatti has seen substantial progress over the past decade in geological modelling, mineral resource estimation, updating of environmental studies, and an ongoing drilling programme over the asset's 240-kilometre² area.

Given the location of the Sakatti deposit, in a biodiversity-protected area, Anglo American is acutely aware of its responsibility to ensure minimal impact on the environment. We have established partnerships with Flora & Fauna International and Finnish biodiversity experts, as well as local and regional representatives, and continue to engage with NGOs who are concerned about the impact of a mine in such a pristine area, in order to ensure that we are implementing best practice in our biodiversity management approach.

For example, in collaboration with Finnish drilling contractor Oy Kati Ab, we developed a closed-loop drilling system that is designed to operate in an environmentally sensitive environment. The system has substantially reduced waste and water use and thus minimises our overall environmental footprint. And we have decided to build an access tunnel with the entrance five kilometres away from the ore deposit in order to reduce disturbance to the land above ground and the impact on reindeer herders.

We also worked closely with all of our stakeholder groups – residents, land and water rights holders, reindeer herders, environmental groups and recreational users, and municipal authorities and business – to identify the most suitable place to locate the mine's waste storage facilities and processing plant in order to protect the natural resources within the boundaries of the protected area and deliver net positive impact on biodiversity.

As the world shifts to cleaner energy, copper may well have the best fundamentals of any mined commodity for our cleaner, greener, more sustainable world of the future. Sakatti may still have a long way to go before it becomes an operating mine, but we believe it represents another big step, post-Quellaveco, in augmenting Anglo American's impressive copper-volume growth profile.

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.

Material matters discussed in this section

- ▶ Environmental impacts and climate change
- ▶ Operational and cost performance
- ▶ Meeting our commitments to business stakeholders and society
- ▶ Political and regulatory

HIGHLIGHTS

500 tonnes/hour

Throughput at the bulk ore sorting plant at our El Soldado copper operation in Chile.

2020

A further two mines – Mogalakwena (PGMs) and Barro Alto (Nickel) – to implement bulk ore sorting technology in 2020.

Pillars of value

-  Environment
-  Socio-political
-  Production
-  Cost
-  Financial

 For our KPIs:
See pages 50-51

▮▮ The primary benefit of the bulk ore sorting system is in unlocking production capacity through early rejection of waste material ... leading to a reduction in overall costs per tonne, along with a decrease in tailings volume, and water and energy use."



▴ A bulk ore sorting (BOS) machine operating in the open pit at Copper's El Soldado mine in Chile.

Bulk ore sorting – trialling innovative technologies at scale

For around a century, the industry's approach to the challenges presented by ageing mines and declining ore grades has been to mine deeper and to crush more and more material. This has led to the current situation where it now takes double the amount of water, and 16 times as much energy, to produce a kilogram of copper than it did in 1900. It also means that mining companies today are extracting and moving far more waste rock than ever before.

At Anglo American, we believe that continuing this approach is, quite simply, unsustainable. Business-as-usual methods cannot hope to deliver cost and productivity benefits to offset this trend and nor will they reduce our environmental footprint. We must therefore change our thinking and, through our FutureSmart Mining™ programme, we are focused on delivering step-change innovation in technology, digitalisation and sustainability.

Our first FutureSmart Mining™ Open Forums in 2015 delivered thousands of new ideas; many of which were brought together into one theme entitled Concentrating the Mine™. Targeting minimal energy, water and capital intensity, with increased precision at its heart, bulk ore sorting (BOS) is a technology at the centre of Concentrating the Mine™. After successful demonstration at our El Soldado mine in Chile, the 500 tonnes per hour plant is now fully operational and is delivering value.

The primary benefit of the BOS system is in unlocking production capacity through early rejection of waste material and, therefore, increasing the ore grade that is taken to the plant; this has led to a reduction in overall costs per tonne produced, along with a decrease in tailings volume, and water and energy use. Secondary benefits include processing-cost reduction, lower cut-off grade and a corresponding increase in mine life.

Our approach at El Soldado is to take advantage of the natural heterogeneity of orebodies and reject the waste material through using sensors, physical sorting and screens earlier in the processing value chain. Sensor technology is at

the heart of this approach and, combined with the application of big data and machine learning, we are transforming the BOS process.

Our BOS process delivers higher overall capacity than traditional ore-sorting methods. It can provide the same functionality as a permanent plant facility, but without much of the latter's associated capital and operational expenditure. At El Soldado, the BOS semi-fixed system is essentially an all-in-one package comprised of three elements:

- Input/output equipment, which gets the material to or from the sensor
- A sensor, mounted above a conveyor belt, that determines, based on algorithms, what material is of value and what is waste
- A diverter, which directs the crushed material of value to the plant for further processing, while diverting waste in a different direction.

The BOS system fulfils two purposes: as a sorting system and a productivity booster. Significant efficiency gains are also being delivered through bringing the material-processing plant closer to the extraction site.

The BOS system has wide potential applicability across Anglo American, wherever processing costs are pivotal and ore heterogeneity is present. At El Soldado, it is already in commercial production, while Mogalakwena (PGMs) and Barro Alto (Nickel) are due to follow in 2020.

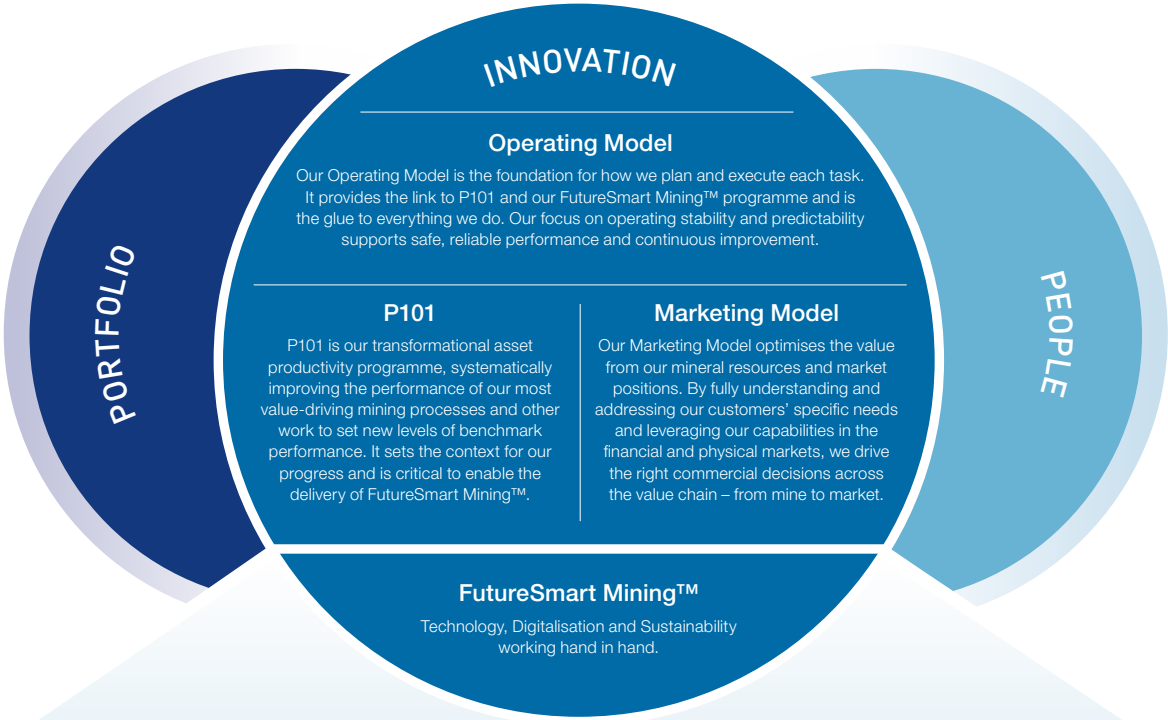
Another technology within the Concentrating the Mine™ theme is coarse particle recovery (CPR) (see case study on page 61). As with BOS, this technology delivers an easier to handle waste stream which frees capacity in the mill for additional production and further reduces water and energy consumption. CPR also enables a new approach to tailings, eliminating the need for wet tailings disposal – with demonstrations planned, including at El Soldado, during 2020. Through taking a more precise approach to mining, pre-processing and disposal, we are bringing the water-less mine closer, removing a major risk and cost from our mining operations.

INNOVATION
CONTINUED

OUR PURPOSE

Re-imagining mining to improve people's lives

OUR STRATEGY



Technology and Digitalisation

Sustainability

CONCENTRATING THE MINE™

Greater precision, with lower energy, water and capital intensity

- Coarse Particle Recovery
- Bulk Ore Sorting
- Ultrafine Recovery

WATER-LESS MINE

Reducing dependence on water, towards full recovery recycling and dry tailings

- Coarse Particle Recovery
- Novel Leach
- Dry Tailings

MODERN MINE

Safe mining, removing people from harm's way

- Continuous Hard Rock Cutting
- Remote Operation Control
- Swarm Robotics

INTELLIGENT MINE

Transforming data into predictive intelligence: connected learning mines

- Digital Ecosystem
- Digital Twins
- Advanced Process Control

SUSTAINABLE MINING PLAN

Our Sustainable Mining Plan, integral to FutureSmart Mining™, supports our innovation and delivery of step change results across the entire mining value chain. From mineral discovery right through to marketing our products to customers, we are changing how our employees and stakeholders experience Anglo American.

Our Sustainable Mining Plan is built around three Global Sustainability Pillars aligned to the UN's Sustainable Development Goals:

THRIVING COMMUNITIES

HEALTHY ENVIRONMENT

TRUSTED CORPORATE LEADER

Collaborative Regional Development is at the heart of our approach and is our model for bringing long term sustainable development opportunities to the regions around our operations.

PLANNING AND IMPLEMENTATION IN PARTNERSHIP

REGIONAL SPATIAL ANALYSIS

From exploration to delivering our products to our customers, FutureSmart Mining™ is our innovation-led pathway to sustainable mining: technology, digitalisation and sustainability working hand in hand. Coupled with the best-in-class operational improvements being delivered from our unique Operating Model, we are fundamentally changing the way we extract, process and market our products, and will provide the next step-change in operating and financial performance.

Marketing

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

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

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

Against this backdrop, our commercial toolkit has been instrumental to our being able to successfully negotiate complex deals to secure a market for our own mineral and metals products. We have complemented our sales activities with trading and third-party sourcing capabilities, allowing us to expand our range of operations and customer solutions.

We have also reinforced our efforts to drive efficiencies across the value chain by effectively aligning production and marketing around integrated planning processes, geared toward maximising value and eliminating inefficiencies.

2019 provided new opportunities to reinforce our commitment to sustainable growth. Through our shipping department,



▼ Copper sheets destined for export from Chile. During the year, our Marketing business entered into an offtake agreement to market copper cathode originating from Chilean producer, Mantos Copper.

Marketing – broadening and strengthening its contribution to the Group

In recent years, our Marketing business has been scaling up its business model by going beyond solely marketing the Group's own mined products, offering value-adding and more specialised services on behalf of third parties. This strategic approach, which leverages our existing global marketing platform and broadens our service and product portfolio to provide more innovative solutions to customers and suppliers, is contributing additional value to Anglo American and our customers.

By way of example, the Marketing business has entered into an offtake agreement to market copper cathode originating from Chilean producer, Mantos Copper. The transaction fits within the agreed strategy and hurdle rates of our Sourcing and Origination business plan, with robust forecast returns even on a base-case scenario.

In the case of Mantos Copper, our Marketing business's competitive advantage is based on a unique combination of qualities:

- Anglo American's technical knowledge and expertise in mining
- Our decades long experience in Chile. Mantos Copper's Mantos Blancos and Mantoverde mines were owned by Anglo American until 2015 – so we know the assets well
- We have the balance sheet strength to finance asset-backed trading initiatives

- We have the marketing experience and know-how, as well as the freight and logistics capabilities, analytical skills, financial trading capabilities, sourcing and origination experience, and working capital financing/optimisation processes for the arrangement to be value-accretive to both parties, and the end customer.

Executive head of Base Metals Marketing, Alex Schmitt, observes:

"Our competitive advantage is based on our brand, our equity flow and the ability to combine a distinct set of commercial, technical, exploration, mining and financing skills. This enables us to be strategically differentiated in the marketplace. Anglo American's rigorous and professional risk management and capital allocation processes, the proven success of our historical trading activities, and very positive market feedback, provide a great opportunity for us to scale up our asset-backed trading ambitions, and we see the arrangement with Mantos Copper as a blueprint to offer value-accretive commercial solutions in marketing third-party copper.

"But I also want to emphasise that Anglo American takes a broader approach to value creation. Through our marketing activities, we bring benefit not only to ourselves, but to our partners, the end customer and the country of origin. We are not just traders; we are miners, with assets we know well."

Anglo American joined forces with leading organisations at the forefront of the quest to decarbonise the industry, such as the Global Maritime Forum, Friends of Ocean Action and the World Economic Forum, with the objective of having commercially viable deep-sea, zero-emission vessels powered by zero-emission fuels in operation by 2030.

Our market development team continued to advance the hydrogen agenda through several initiatives. During the year, we attracted two new investors – Toyota and Plastic Omnium, the world's leading supplier of car exterior components and modules – to our AP Ventures venture capital fund. In July, together with Platinum Group Metals Ltd,

INNOVATION CONTINUED

we announced the creation of Lion Battery Technologies, a company that is commercialising lithium batteries for battery electric vehicles (BEVs), while also using PGMs to improve the performance of BEVs. On the jewellery side, in 2019, Marketing launched a men's platinum brand in India and, together with De Beers, a platinum-only diamond bridal collection in the US. Anglo American also continues to be a major supporter of the World Platinum Investment Council, which during the year trained 2,200 managers of Agricultural Bank of China and Bank of China in platinum-investment products, which they are now rolling out to their vast customer base in the country.

Operating Model

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

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

P101

P101 is our transformational asset productivity programme that we build on top of the stability provided by the Operating Model.

It is about improving the performance of our most value-driving mining and other processes to industry best-in-class benchmarks, then pushing the capability boundary further, establishing new benchmarks for the industry in terms of efficiency and the way we work.

P101 sets the context for our progress and is critical to enable the delivery of FutureSmart Mining™.

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



Through applying our Operating Model principles and P101, our benchmark-beating asset performance programme, Unki's performance has exceeded expectations, recording record production of platinum and palladium in 2019. Featured are settling tanks at the mine's concentrator plant.

Unki – platinum performance and leading the way in responsible mining

Our Unki PGMs mine in Zimbabwe has undergone a remarkable turnaround in its operational and financial performance over the past five years. At the heart of this improvement is a high performing team which has embraced the challenge of transforming the mine's performance.

The team has implemented several initiatives: mining cycles and labour planning have been optimised to achieve greater equipment and labour efficiencies; lowering the mining height has led to a 7% increase in head grade; and maximising concentrator mill run time, feed rate set points and reagents used has resulted in a significant improvement in both concentrator recovery (5% higher) and throughput (26% higher). As a result, PGM output continues to increase and, in 2019, another production record was achieved, with output of 89,400 ounces of platinum and 79,200 ounces of palladium.

These efficiency improvements are being reflected in Unki's financial performance; profitability continues to rise, while operating free cash flow has increased six-fold to \$73 million.

Starting from 2020, Unki will be implementing our unique Operating Model, which is designed to further improve operational stability and reliability. The processing unit at Unki has set the P101 benchmarks for the company, while the mining team continues to drive P101 ambitions to set industry benchmarks and new standards for equipment and mining.

Recently, Unki became the first mine to publicly commit to be independently audited against the Initiative for Responsible Mining Assurance (IRMA) Standard for Responsible Mining.

The Standard has been developed over 10 years through a public-consultation process that included mining companies, customers and the ultimate downstream users of mined products, NGOs, labour unions, and communities. It covers, inter alia, working conditions, human rights, community and stakeholder engagement and environmental impact, as well as planning and financing reclamation and closure.

While IRMA is a voluntary certification system, it is also the world's first and only global definition of what constitutes leading practice in social and environmental responsibility for large-scale mining operations. It seeks to emulate for mining what has been done with certification programmes in fair trade, agriculture, responsible forestry and sustainable fisheries.

Unki general manager, Walter Nemasasi observes that, "As a developing country, Zimbabwe faces many challenges. But we are a long term investor here, and Unki demonstrates the positive effect this investment is having on Zimbabwe. Unki's great performance on all fronts has given us the confidence to be measured against international best practice. We look forward to Unki continuing to lead the way for the Group's other mining operations, all of which we plan to have been assessed against credible responsible mining standards by 2025."

FutureSmart Mining™

One of the most explicit ways in which we are living up to our Purpose is through FutureSmart Mining™.

FutureSmart Mining™ is the blueprint for the future of our business. A future in which broad innovative thinking, enabling technologies, and collaborative partnerships will shape an industry that is safer, more sustainable and efficient, and better harmonised with the needs of our host communities and society as a whole.

Technologies and digitalisation will fundamentally change how we source, mine, process, move and market our products; and our Sustainable Mining Plan will transform how our stakeholders experience Anglo American along our entire value chain.

Technology and digitalisation

Through technologies and digitalisation, we envisage four concepts underpinning a new way of mining: Concentrating the Mine™, the Water-less Mine, the Modern Mine, and the Intelligent Mine.

Concentrating the Mine™

Concentrating the Mine™ is looking to address the need for increased precision in mining, with minimal energy, water and capital intensity. We are applying technologies including coarse particle recovery, bulk ore sorting and ultrafine recovery, that more precisely target the desired metals or minerals, delivering greater than 30% reductions in the use of water, energy and capital intensity, and producing less waste in the process, in line with our overall trajectory towards carbon neutral mining.

Water-less Mine

The work we are doing on Concentrating the Mine™ is creating pathways to the Water-less Mine. Given that around 75% of Anglo American's current asset portfolio is located in water constrained areas, it is essential that we reduce our dependence on water and associated tailings facilities. We will always need water, but we can get closer to full recovery recycling.

Two technologies we are focusing on to achieve our ambition of operating a water-less mine are coarse particle recovery and novel leaching.

Coarse particle recovery allows water to release from coarser ore particles, improving energy efficiencies and water savings by around 20%, in addition to reducing the risks associated with wet tailings.

Novel leaching technology is helping us identify ways in which we can clean up some of our old or closed tailings facilities, both

extracting the valuable residual metals and minerals, and improving their physical stability. New chemistries are now enabling us to be more specific in how we target minerals through the leaching process, significantly enhancing recoveries in lower grade ores.

Modern Mine

We are developing a new generation of engineered controls to reduce the exposure of people to risk. This includes using existing technologies, such as electro-hydraulic drills, and by removing scraper winches.

From there, we can move operators further out of harm's way and deliver efficiencies in continuous mining at depth through advancements in hard rock cutting. Automated and continuous rock-cutting vehicles safely extract the targeted ore deep underground without the need for explosive blasting. These innovations make it possible to mine lower grade ores and complex mineralogy, creating a safer and more productive environment, with lower operating costs.

Introducing remotely operated machinery will ultimately mean the removal of people from safety risk exposure, while upskilling employees in new technologies and approaches.

Intelligent Mine

The Intelligent Mine is one in which vast quantities of quality data are transformed into predictive intelligence, leading to safe, fully integrated, optimised and self-learning operations. We are re-imagining the mining value chain with the power of data, from discovery, through mining, processing and asset strategy, to marketing. The aim is to bring the mining processes to a level of high performance and reduce the uncertainty and variability that characterises mining today.

We are building a digital ecosystem that underpins a digital way of working, operations are being digitised through sensors and other instrumentation, and artificial intelligence is being used to accelerate a range of processes, including predictive maintenance, longwall operations, processing and orebody characterisation.

We have already implemented predictive maintenance models that are detecting failures before they occur and reducing unplanned downtime, thereby increasing our throughput at sites including Barro Alto, Mogalakwena and Amandelbult.

In our processing plants, our machine learning digital twins are generating accurate 'best operational recipes' for complex processing units. This means our sites can make optimal decisions and enhance mineral recovery from each load of ore, while reducing the energy and water required.

We are using Advanced Process Control to reduce process variability and enable improvements in throughput, energy and water efficiency. For example, at Los Bronces mine, trials of the technology have improved throughput and achieved a 12% per tonne energy efficiency improvement across its three grinding mills.

Sustainable Mining Plan

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

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

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

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

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

At the heart of our Sustainable Mining Plan is Collaborative Regional Development, our model for bringing long term sustainable development opportunities to the regions around our operations.

Our innovative approach starts by identifying socio-economic development opportunities with the greatest potential in a region using spatial planning and analysis.

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

INNOVATION CONTINUED

Environmental performance and climate change

Our products are essential to human progress and to the transition to a low-carbon economy. Our ultimate aim is to deliver products with a net-positive impact (NPI) on biodiversity and the communities that depend on them.

We have set the following targets on water, climate change and biodiversity performance, as part of our Sustainable Mining Plan:

- We will reduce our energy use by 8% by the end of 2020, against the 2016 business-as-usual (BAU) projection, and achieve a 30% improvement in energy efficiency by 2030
- We will reduce our greenhouse gas (GHG) emissions by 22%, relative to the 2016 BAU projection, by the end of 2020, and achieve a 30% net reduction in GHG emissions by 2030
- We will reduce freshwater withdrawals by 20% by 2020, and by 50% in water-stressed areas by 2030, as an average across the Group against 2015 baseline data and definitions. We will also increase water recycling levels to 75% by 2020, while eliminating all water incidents that are Level 3 or higher
- For all sites in high-risk environments, we will have an agreed plan for delivering and measuring NPI by the end of 2020, and deliver NPI on biodiversity across Anglo American by 2030. Our NPI target means that any impact on biodiversity owing to Anglo American's activities must be outweighed by the biodiversity gains that we achieve.

Managing our environmental impacts

Our Safety, Health and Environmental management system, the SHE Way, incorporates the requirements of ISO 14001. We recently updated our standards on air quality, biodiversity, hazardous materials management, carbon and energy, and have been engaged in a gap analysis to ensure compliance across all our sites. We are also working towards integrating environmental risk management into our Group operational risk management (ORM) processes. As part of this process, we are assessing the most important environmental risks for each of our sites, developing critical controls and measuring the effectiveness of these controls through an onsite verification process.

During 2019, we made significant progress:

- We met our 2020 target of reducing GHG emissions by 22%, and continue to pursue our challenging 2020 target of reducing energy use by 8%

- Our PGM operations are on course to achieve zero waste to landfill by the end of 2020
- We made good progress incorporating environmental management into our Operating Model, including the development of an integrated data dashboard that will be fully functional by mid-2020
- We are on track for all sites in high risk environments to have biodiversity value assessments and site-specific indicators in place by the end of 2020.

We are also progressing towards full implementation of the SHE Way. By the end of 2019, 88% of our sites had completed self-assessments against its requirements and have action plans in place. In 2020, we aim for all our sites to have fully implemented the SHE Way.

Learning from environmental incidents

We classify incidents on five levels, according to the consequences for the environment. Level 4-5 incidents are included in the chief executive's quarterly performance scorecard and all Level 3-5 incidents (from moderate to significant) are reported to the Board, which addresses them through its Sustainability Committee.

In 2019, we recorded one Level 3 (moderate) environmental incident for the Group and no Level 4 and Level 5 incidents (2018: one Level 4 and five Level 3).

Full details of the one Level 3 environmental incident recorded at Unki in Zimbabwe, see our Sustainability Report, 2019.

Water

Water is a vital resource for our operations and our communities alike, and we have taken important steps to improve the way we define, account and report our water use. We take a catchment-wide, risk-based approach to water management, addressing the risks of flooding, discharge, water scarcity, mine dewatering and contamination.

Until 2020, we will report water performance under the definitions we have used since 2015. In 2020, we will re-baseline all data and will be introducing improved International Council on Mining and Metals (ICMM) aligned definitions. These will serve as a baseline to the 2030 targets.

Using the World Resources Institute's Aqueduct tool, around 75% of our sites would fall within water-stressed areas. Work is underway to develop site and catchment-specific assessments that will provide us with a more complete understanding of business water risk.

Our Sustainable Mining Plan includes three milestones to be met by 2020:

- Reduce the abstraction of fresh water by 20%
- Increase water recycling levels to 75%
- Have no Level 3 or greater water incidents.

The first one is currently at risk due to our current water accounting challenges.

Total water withdrawals amounted to 209 million m³ (2018: 227 million m³).

Mineral residue management

Management and storage of waste rock and the processed mineral residue known as tailings is a critical issue for our industry. It represents a social, safety and environmental challenge that we are determined to meet.

Recent catastrophic tailings dam failures have led to increased public scrutiny of all mining companies' approach to managing and storing mineral residue.

Anglo American actively responded to the Investor Mining Tailings Safety Initiative request to encourage full disclosure from mining companies about their mineral residue storage facilities.

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

Our approach to mineral residue management

Tailings dams represent one of the top catastrophic risks for our business. In managing and storing tailings material, we aim for zero harm by adhering to our industry-leading Group technical standard. The standard addresses the risks that tailings storage facilities pose, and sets minimum requirements for design criteria, monitoring, inspection and surveillance. It covers both water-retaining dams and waste-rock dumps, and represents best practice in all jurisdictions where we operate.

We have encouraged an industry-wide conversation on tailings and the role that they play in the mining process. We are also committed to developing new technologies that will reduce the volume of residue that mining produces, enable more of it to be stored in a dry form, and reinforce the stability and safety of the tailings dams we operate.

During 2019, we intensified the scrutiny of our own upstream tailings dams. We conducted a Groupwide technical review to evaluate how we manage risks of instability at these facilities and shared key learnings across our operations, as well as undertaking proactive action to address any risk of instability identified.

Climate change

Climate change is one of the defining challenges of our time. Anglo American has participated in developing climate change policy for the mining industry for almost 20 years. We believe that mines can be carbon neutral, and we are developing a pathway for achieving carbon neutrality. We are also exploring how we could work with others to influence the GHG emissions of our products throughout the value chain.

Our strategic approach

Climate change considerations are part of our strategic planning and business decision-making. This includes our investment decisions, the industry associations we belong to, and the way we position Anglo American for the future.

We are exploring growth opportunities, including in copper, nickel and PGMs – the metals required for the transition to a low-carbon economy, and we have reduced our thermal coal production footprint by more than half since 2012.

Our management approach to climate change is built around five principles:

- Building internal agility and ensuring resilience to climate change
- Reducing energy use and carbon emissions throughout our business
- Understanding and responding to risks and opportunities related to the carbon lifecycle of our products, including consumer perceptions
- Developing and implementing collaborative solutions with our stakeholders
- Contributing our skills and knowledge to the development of responsible public policy.

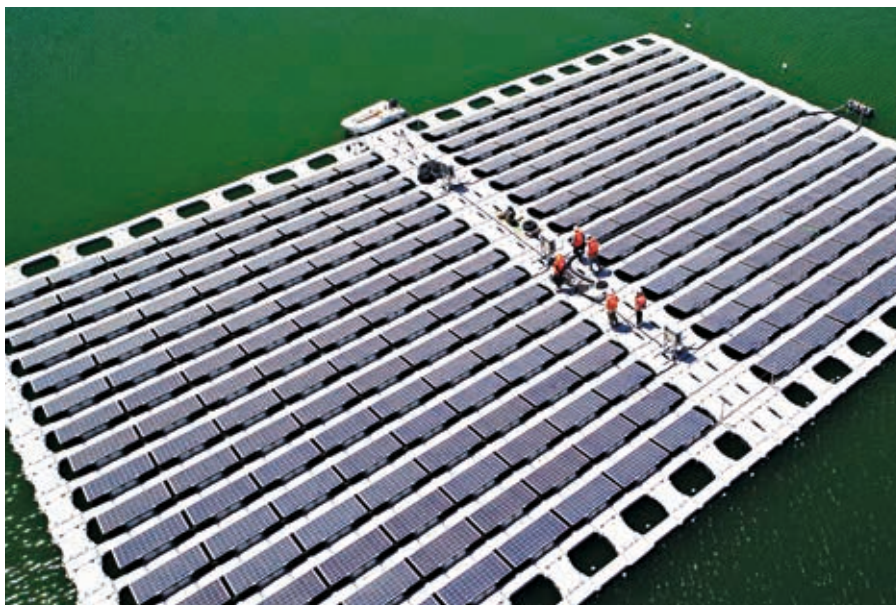
These principles align with the vision set out by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Anglo American has been a TCFD supporter since September 2018. In line with the TCFD's recommendations, in 2019, we published the report *Climate Change: Our Plans, Policies and Progress*. This report explored the impact of climate change across our portfolio through quantitative scenario analysis. The analysis helped us understand that our business is fundamentally resilient.

For guidance on where to find information relating to each of the TCFD's recommendations, please see the disclosure table on page 238.

We include our performance on energy and carbon in our chief executive and business unit CEOs' scorecards, and our 2020 GHG target is included in our 2017 Long Term Incentive Plan.

In addition to our work with the ICMM, we engage in policy processes through other local and international forums. We also have consistent and constructive

engagement with investors with an interest in climate change, including with Climate Action 100+ initiative.



At Los Bronces' Las Tórtolas tailings dam in Chile, a pilot photovoltaic plant built over a tailings pond is the first of its kind. Its 256 panels, located on a floating island, are designed to generate 150,000 kWh of renewable electric power annually and reduce CO₂ emissions by 51 tonnes a year.

Copper – renewable energy for Chile

In recent years, our Copper business in Chile has been exploring potential new ways of sourcing energy that will reduce our Scope 2 CO₂ emissions. This has led to the signing of a 10-year contract with Enel Generación Chile for the supply of energy from fully renewable sources to all our managed Chilean copper operations from January 2021. Enel Generación will supply up to 3 Terawatt hours (TWh) annually, making this one of the country's largest contracts for 100% renewable energy. This will play a significant part in helping our Copper operations reduce their total emissions by 70% – equivalent to taking 270,000 medium-sized vehicles off the roads. Collahuasi, a non-managed copper operation, also signed a 10-year, 100% renewable energy contract with Enel Generación, which is effective from April 2020.

The agreement is part of a series of initiatives by Anglo American to combat the effects of climate change by running more sustainable operations and thereby contributing to a healthier environment.

One such initiative is a pilot photovoltaic plant built over a tailings pond at Las Tórtolas – the first of its kind in the world. The 256 photovoltaic panels are located on a floating island designed to generate 150,000 kWh/year of renewable electric power and reduce CO₂

emissions by 51 tonnes a year. Currently, Los Bronces recirculates between 70%-80% of its process water. The photovoltaic plant will reduce water evaporation in the area it covers by 80%, thereby increasing the water available for recirculation in the mining process. The plant also has the benefit of increasing water availability to Los Bronces – critical in an area that is currently experiencing water stress.

At the launch event in March 2019, Chile's Mining Minister, Baldo Prokurica, observed, "Mining has diverse challenges regarding many areas, and one of them is caring for the environment. This type of initiative positions Chile at the global forefront of mining innovation for a sustainable industry – an excellent idea for mining traceability and for the efficient use of water."

"This initiative reinforces Anglo American's commitment to developing new mining practices that adapt and connect with the interests of neighbouring communities," explained Los Bronces general manager Patricio Chacana. "We've made innovation a fundamental axis of our activity. We believe it should be a priority to re-imagine mining, challenging the way things have always been done. By actively developing new solutions and stimulating new ways of thinking and working, we move towards increasingly sustainable mining, and that benefits everyone."

Targets and performance

In 2019, our operations were responsible for 17.7 million tonnes of CO₂-equivalent emissions (Mt CO₂e) (2018: 16.0 Mt CO₂e). This represents an 11% increase, reflecting a rise in fugitive methane in Metallurgical Coal related to a change in the mining area. The increase includes an additional 1.3 Mt CO₂e methane abatement initiatives implemented in the year. The total GHG reduction was 24% against our BAU scenario, which meets our 2020 target a year ahead of schedule.

Our total energy consumption increased by 3% to 87 million GJ (2018: 84 million GJ) – a 5% reduction against our BAU scenario. The rise in energy consumption, driven by the restart of production at Minas-Rio and construction progress at the Quellaveco copper project, was partly offset by lower consumption at Los Bronces, where drought affected production.

In 2019, we improved the methodology to estimate our Scope 3 emissions, which are emissions that occur from the transport and use of our products. We have estimated our Scope 3 emissions for 2019 at 226 Mt CO₂e, which for the first time includes a portfolio-wide calculation.

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

ECO₂MAN, our energy and carbon management programme, identifies projects that can help our sites meet their targets on energy use and GHG emissions. To achieve carbon neutrality across our operations, we are focusing on radically reducing energy consumption through our FutureSmart Mining™ programme, switching to low-carbon energy sourcing and increasing the role of renewables in our energy mix.

Meeting our commitments to government and society

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. Fulfilling this commitment is critical to our long term success as a business.

Social performance

We manage the relationship with our host communities through our social performance management system, the Anglo American Social Way. It sets out the requirements all our managed or operated sites need to meet. It also covers how we engage with communities, mitigate adverse social impacts, and pursue development opportunities.

Our industry-leading Socio-Economic Assessment Toolbox (SEAT) helps our sites comply with The Social Way. It provides tools for measuring sites' socio-economic effects and guides their approach to managing human rights, grievances and the social impact of mine closures.

Management approach

In 2019, we developed The Social Way 3.0, an update to our management system that is designed to meet stakeholders' evolving expectations. The updated Social Way aligns with our Sustainable Mining Plan, our Code of Conduct, and the SHE Way. Designed with our Purpose of *re-imagining mining to improve people's lives* at its heart, it brings about a step-change in the way we manage sites' overall performance and embeds respect for human rights across all aspects of how we operate.

We will roll out The Social Way 3.0 across all of Anglo American's managed and operated sites during 2020.

Governance and performance

Every year, we commission independent assessments of our sites' social performance and compliance with The Social Way through the Social Way Assurance Framework. When we identify cases of non-compliance, we require the sites in question to develop and implement an immediate improvement plan. In 2019, there were no serious cases of non-compliance across the Group.

We have a Groupwide procedure for reporting social incidents and grievances, aligned with the UN Guiding Principles for Business and Human Rights.

We report all Level 3-5 (moderate to significant) social incidents to our Board and include them in the chief executive's quarterly performance scorecard.

In 2019, we saw a significant increase in reported Level 3-5 social incidents, compared to 2018. This was driven by increased construction activity at Quellaveco, and work on an unsurfaced road at Minas-Rio that generates excessive dust. We have also responded to incidents of pipeline vibrations at Minas-Rio affecting the local community, and we are investigating potential mitigating solutions.

Human rights

Governments, investors and civil society have increased expectations of businesses to meet their responsibilities under the United Nations Guiding Principles on Business and Human Rights and, at Anglo American, we take these expectations seriously.

Management approach

Our approach to human rights is aligned with the UN Guiding Principles on Business and Human Rights, and we are committed to implementing the UN Global Compact Principles. Our global Human Rights Policy is available to employees on the company intranet and external website, and we run an annual awareness campaign around International Human Rights Day to encourage employees to read and understand the policy.

We have developed a five-year action plan to drive continuous improvement in how we identify and manage human rights risks. The plan tackles the need to build human rights expertise into our business, engaging with stakeholders, and initiatives in key risk areas such as security and human rights, and our supply chain.

Governance and performance

Every Anglo American operation carries out an annual social risk assessment to identify human rights risks and potentially vulnerable groups. Over the past two years, we have also conducted human rights due diligence at all our sites.

We are determined to ensure that Anglo American is part of an ethical value chain that respects human rights and is free from slavery. This includes complying with the UK Modern Slavery Act of 2015 and the strengthened reporting requirements that the UK government is currently considering.

During 2019, grievances that involved human rights aspects accounted for approximately 3% of the total number of grievances received.

Socio-economic contribution

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.

Our approach – Collaborative Regional Development (CRD)

Our CRD approach, integral to our Sustainable Mining Plan, was launched in South Africa's Limpopo province and now sits at the heart of our approach to socio-economic development. It is designed to meet the need for sustainable, regional development that does not rely solely on the employment and supply chain opportunities provided by mining.

Social investment

In 2019, our Corporate Social Investment (CSI) reached \$114 million (2018: \$82 million), which represents 2% of underlying earnings before interest and taxes (EBIT), less underlying EBIT of associates and joint ventures.

We focus our CSI on health, education and community development, in line with our Sustainable Mining Plan. We invested \$29 million on education and training initiatives in 2019, and \$12 million on health and welfare projects.

GLOBAL CSI EXPENDITURE BY TYPE⁽¹⁾

	\$'000	%
Community development	41,700	37
Education and training	28,625	25
Water and sanitation	20,664	18
Health and welfare	11,919	10
Sports, art, culture and heritage	3,003	3
Other	2,558	2
Disaster and emergency relief	2,070	2
Environment	1,968	2
Institutional capacity development	1,501	1
Energy and climate change	119	0
Total	114,127	

⁽¹⁾ Discrepancies may occur due to rounding.

GLOBAL CSI EXPENDITURE BY REGION⁽¹⁾

	\$'000	%
Africa	56,191	49
Americas	54,567	48
Australia	1,541	1
United Kingdom	1,598	1
Rest of World	230	0
Total	114,127	

⁽¹⁾ Discrepancies may occur due to rounding.

Supply chain

During 2019, Supply Chain continued its three-year journey to *Innovate Supply, Responsibly*, delivering on breakthrough outcomes in several areas.

Safety performance

Supply Chain supports the Group's *Elimination of Fatalities* programme through several initiatives. We firmly believe that our suppliers can be a key contributor towards achieving our zero harm ambition, and Supply Chain's primary focus was on more robust safety-based supplier selection criteria, improved supplier safety performance management and on leveraging supplier-enabled innovation to strengthen critical controls.

Inclusive procurement

At Anglo American, our vision is to create a more inclusive Supply Chain as we seek to generate more equitably shared and sustainable prosperity in the communities around our operations.

Our vision extends to the promotion of various region/country-specific initiatives such as enhanced engagement with our designated suppliers, who include previously disadvantaged sectors of the economy in South Africa; indigenous citizens (Canada); and Aboriginal suppliers (Australia), and the promotion of in-country manufacturing and assembly of the goods we procure.

In 2019, our operations spent approximately \$11.6 billion with suppliers, of which \$3.8 billion was with local suppliers. Our expenditure with designated suppliers was \$2.9 billion, representing 24% of total supplier expenditure, including \$0.6 billion with host communities⁽¹⁾ in the direct vicinity of our South African operations.

Responsible sourcing

In our Responsible Sourcing Standard for Suppliers, we articulate key sustainability requirements for both our current and prospective suppliers and, through our external commitment to an ethical value chain and recognising the emergence of new risk areas such as modern slavery, we continue to update our standard to highlight key expectations of suppliers. The standard specifies requirements to protect safety, health and the environment; respect labour and human rights; increase social accountability; and conduct business fairly and with integrity.

We support suppliers to understand and identify potential risks and improve their management controls; we do this through supplier self-assessments, third-party audits and tailored supplier capacity-building programmes. Where required, corrective actions are agreed and monitored.

In 2019, we conducted self-assessments with more than 450 suppliers (2018: around 150), and on-site assessments with over 40 suppliers. In response to findings from these assessments, we have intensified our efforts to support small businesses to meet our standards, and conducted training programmes for more than 250 small and medium suppliers in South Africa.

Value delivery through supplier partnerships

We continue to focus on delivering value for our operations through global and regional framework agreements, supplier enabled innovation and the optimisation of working capital. Through our strategic supplier partnerships, we jointly identify opportunities and deliver on our innovation roadmaps. In collaboration with the Group's Technical team, several innovation and modernisation initiatives are being implemented in safety, mining, processing, and sustainability.

In a bid to improve efficiencies and, therefore, reduce costs across the Group's loading and hauling units, we engaged with our original equipment manufacturer (OEM) supplier partners to determine how they can play a role in meeting our P101 objectives through deploying technical developments across priority load and haul fleets. OEM technology and innovation roadmaps, with a specific focus on technologies which are ready for deployment today, have been reviewed and are being matched to P101 load and haul productivity improvement objectives.

Supply chain digitalisation

Our journey to a touchless, request-to-pay purchasing process continues through our rapidly growing adoption of electronic procurement across our business and supplier base. Digital collaboration with suppliers has more than doubled through 2019; as a result, productivity improvements are being experienced through the improved accuracy and speed at which we transact. The benefits of integrated business-to-business transactions are expected to deliver further incremental performance improvement in 2020.

⁽¹⁾ Host community spend reflects South African data only, following implementation of narrower definitions aimed at ensuring maximum impact on host communities in the direct vicinity of our operations.

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

- ▶ Safety and health
- ▶ Workforce culture and capability
- ▶ Meeting our commitments to business stakeholders and society
- ▶ Political and regulatory



HIGHLIGHTS

2.21

Group Total Recordable Case Frequency Rate – a 17% improvement over 2018 and a record low.

25%

Target for % of women in senior management roles across the Group by the end of 2020. We aim to reach 33% by 2023.

UNAIDS targets

Two of the three targets set by the UN have been achieved by Anglo American, a year ahead of schedule.

Pillars of value

- Environment
- Socio-political
- Financial

For our KPIs:
See pages 50-51

“We have redefined the behaviours underpinning our Values ... our refreshed Values now focus more on the individual's role and accountabilities.”



In August, nearly 700 colleagues from across our South African businesses and Group functions came together in Johannesburg to attend Elevate, Anglo American's first Groupwide inclusion and diversity event.

Getting the best out of our people

In recent years, and across many countries, there has been a remarkable shift in sentiment towards a more progressive vision for society. Of course, business plays an important role in society and, in the world of work, responsible companies are embracing such secular shifts. Anglo American is seeking to make its workplace fairer and more representative, where employees feel they can bring their whole and best selves, irrespective of their gender, ethnicity, religion, sexual orientation, national origin, age, or disability.

Having the best minds and inclusive leadership are crucial to finding innovative and sustainable solutions to business challenges and to embedding a high performance culture. This means drawing from the widest available talent pool, and leveraging their complementary skills and attributes to achieve breakthrough outcomes.

Our Inclusion and Diversity (I&D) strategy is a critical foundation of our Purpose of *re-imagining mining to improve people's lives*, supporting us in creating a work environment where each of our people is afforded the opportunity to realise their full potential.

Tackling gender imbalance

Historically, in the mining industry, women have been under-represented at all levels, particularly in senior roles. We are steadily redressing that: over the past three years, the proportion of women at senior management levels across the Group has increased from 15% in 2016 to 24% in 2019. Our target is to exceed 25% by the end of 2020 and aim to reach 33% by 2023.

An inclusive approach

Our global employee engagement survey, I&D survey and focus groups have indicated a need to improve both physical and psychological safety,

and creating an environment free from bullying, harassment and victimisation is a significant contributor. To help achieve this, we have developed a clear and consistent global policy that we are communicating, and are providing training across Anglo American. Our aim is for everyone to understand the impact of these actions, whether intentional or not, to know the support they can access and expect if they experience such behaviour, and to embed a zero-tolerance workplace where people feel confident to report any incident of poor behaviour.

Simultaneously, we have been looking at ways to continuously improve our internal whistleblowing initiative to ensure it is an equally robust pillar supporting the Group's I&D strategy. In 2019, we engaged a new external provider and rebranded the channel from Speak Up to YourVoice – to reflect the people-centric nature of the programme.

In such a geographically and ethnically diverse company as ours, however, there is always a danger that our Purpose, our strategy, our Values and associated behaviours are not sufficiently understood or are misinterpreted. That is why we engage in regular training and learning activities that focus on the behaviours we expect wherever we may work.

We have also redefined the behaviours underpinning our Values. Adopting a bottom-up, inclusive approach, we asked our employees and 250 senior leaders from across the Group for their views on how the Values should be refreshed and brought to life. In consequence, we have provided more clarity around what behaviours will actually drive the change required for us to become a more purposeful and high performing organisation, and our refreshed Values now focus more on the individual's role and accountabilities.

PEOPLE CONTINUED

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 encourages and supports high performance and innovative thinking gives our business a competitive advantage.

Safety

We have intensified our focus on the elimination of fatalities at our operations, refreshing our Values, and linking them closely with cultural change at all levels of the business.

Management approach and governance

Our approach to safety management is built on five key pillars: passionate leadership; resilient management systems; effective risk management systems; rapid organisational learning; and an engaged workforce. We manage and improve safety through our Operating Model; the SHE Way; our system of global policies, standards and guidelines; our operational risk management and assurance processes; and our learning from incidents investigative process. We have defined what 'good' looks like, have developed tactical plans, and we monitor progress and correlate safety improvements.

Over the past 18 months, we have conducted an audit to take a close look at safety across our Group. We have appointed an *Elimination of Fatalities Taskforce* to investigate catastrophic and fatal risks at our sites, and the culture that gives rise to these risks. The taskforce includes representatives from each of our business units and functions, as well as external experts who help us to learn from best practice at other businesses. The Taskforce's findings are assisting to prioritise urgent actions to prevent serious incidents with the potential for loss of life. We have also changed our approach to communicating the tragic news of fatalities across our business to ensure we quickly communicate lessons learned to all employees.

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.

Performance

Our safety journey in 2019 was challenging. We lost four colleagues in work-related incidents at the Group's managed operations and one colleague at a non-managed joint operation.

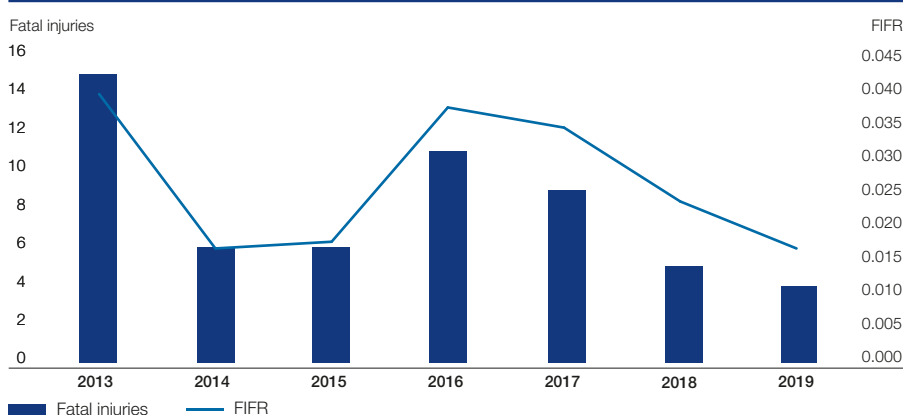
We were also deeply saddened by two contractor colleagues who lost their lives in separate security-related events, 10 colleagues who died in two separate after-hours commuting-related road accidents, and one colleague who passed away while attending a voluntary off-site rescue training exercise. These fatal incidents highlight how important it is for us to continue to seek to improve the safety of everyone associated with Anglo American, including our contractors, and use influence to promote

the adoption of good safety practice at our suppliers and non-managed joint arrangements.

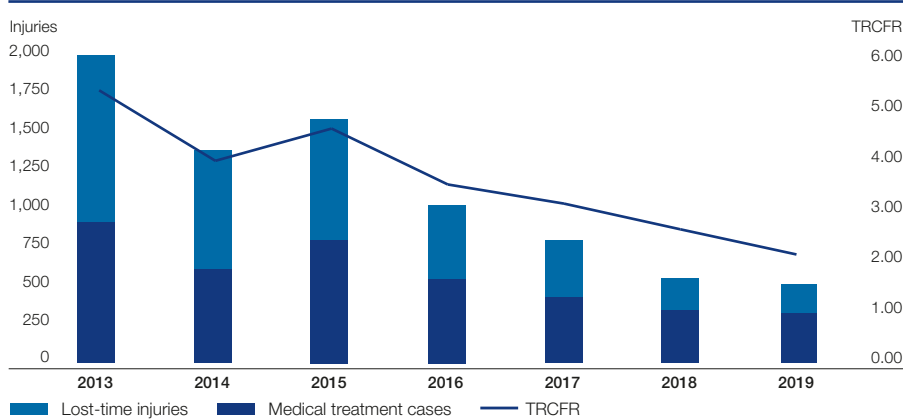
Fatalities are included in our reporting figures when they occur while executing work on behalf of Anglo American, and when we are responsible for working practices and health and safety standards. Of the 18 deaths reported, four are included in our occupational safety statistics, which is in line with the ICMM and internal reporting guidelines.

In 2019, the Group's fatal injury frequency rate (FIFR) decreased to 0.017 (2018: 0.024) and our lost-time-injury frequency rate (LTIFR) decreased to 1.36 in 2019 (2018: 1.63). Our total recordable case frequency rate (TRCFR), which includes any injury that requires more than first-aid treatment, decreased to 2.21 (2018: 2.66).

TOTAL NUMBER OF FATAL INJURIES AND FATAL INJURY FREQUENCY RATE 2013–2019



LOST-TIME INJURIES, MEDICAL TREATMENT CASES AND TOTAL RECORDABLE CASE FREQUENCY RATE 2013–2019



Health

Our approach to health and well-being will consider all aspects of health for both our employees and our host communities. We aim to achieve all relevant targets for each host community under the UN Sustainable Development Goal on health by 2030.

At Anglo American, we understand that a person's health and well-being involve physical, social, cultural and psychological factors. In 2019, we reframed our approach to what we call Total Health. Total Health is adapted from the World Health Organization's Healthy Workplace Model and provides our framework for managing health and wellness at Anglo American.

Our Safety, Health and Environmental management system, the SHE Way, sets out the requirements for managing occupational health risks. Together with health-related technical standards, it defines the requirements our sites must meet.

Controlling occupational exposure

As achieving good occupational health and hygiene is a vital part of meeting our target of zero fatalities, we apply the same rigour to eliminating occupational health hazards as we do to eliminating workplace safety incidents.

We provide employees and contractors with appropriate personal protective equipment, such as respiratory or hearing protection, wherever there is a risk of exposure levels exceeding safe limits. Innovation in technology is further helping us protect the health of our workforce, reduce exposure to hazards and give us early warning of when we need to take action. For example, in 2019, we continued to roll out our award-winning Operational Intelligence Suite, a real-time data analytics platform that monitors environmental conditions and the performance of our engineering controls.

We also relaunched our Occupational Hygiene Standard and expect all our sites to have implemented and complied fully with the new standard by the end of 2020.

In 2019, the number of new cases of occupational disease declined to 39 (2018: 101). We believe that this is a direct result of initiatives such as training employees to use hearing protection. Once again, we saw a reduction in new cases of life-threatening coal-workers' pneumoconiosis in South Africa and Australia, from 5 in 2018 to 1 in 2019.

Managing TB and HIV/AIDS

At the end of 2019, we succeeded in reaching the first two objectives under the UNAIDS 90/90/90 target for all employees at Anglo American operations where we have data available. This means that 90% of our employees know their HIV status, and 90% of those identified as HIV-positive are having anti-retroviral treatment (ART). At the end

of 2019, the infection rate for TB among our employees in South Africa stood at 230 per 100,000 people, well below the 2018 national rate of 520 per 100,000 people. This is a result of high ART uptake among HIV-positive employees in addition to implementing Isoniazid Prevention Therapy, which we have distributed to over 70% of our eligible employees.



▶ Testing for HIV at PGMs' Amandelbult Hospital. For well over three decades, Anglo American has led the response from South African business to the country's HIV/AIDS epidemic.

Beyond 90/90/90 – ready for the next challenge in the fight against HIV

In 2014, the Joint United Nations Programme on HIV/AIDS (UNAIDS) set its strategy for ending AIDS as a public-health threat by 2030. For Anglo American, this goal speaks to the heart of our effort to ensure our employees' health. We have felt the impact of AIDS at first hand, particularly among our employees and host communities in South Africa.

UNAIDS set three ambitious targets for 2020: 90% of all people living with HIV would know their HIV status; 90% of those diagnosed with HIV would receive sustained ART; and 90% of those receiving ART would have viral suppression where the viral load is so low as to be undetectable. Not only was Anglo American ready to accept this challenge, we had already spent decades working to tackle the impact of HIV on our employees, their families and our host communities.

In South Africa, which has one of the world's highest infection rates for HIV, we have been running HIV testing and treatment programmes since 2000 and, in 2002, we became one of the first companies to introduce free ART for our employees. Since the launch of the 90/90/90 targets, we have intensified our efforts, working

to reduce the stigma associated with HIV/AIDS, adopting an always-on approach to awareness and engagement, and working with the governments and health bodies to overcome resistance to HIV testing. In 2016, we signed a collaboration agreement with UNAIDS to promote HIV testing worldwide, building on the success of our employee programmes.

Our journey to eliminate AIDS as a public-health threat reached a key milestone when we achieved two of the three critical 90/90/90 targets for Anglo American employees in South Africa. Of these employees, 94% know their HIV status, and 92% of those identified as HIV-positive are having ART. The proportion of our employees with viral loads so low as to be undetectable currently varies between 80% and 90%.

These achievements are significant – but they are only part of the journey. During 2020, we will be building an action roadmap to address HIV prevention and other health challenges faced by our employees and communities. This will require new collaborations and initiatives to target the key drivers of HIV infection. In South Africa, for example, we have commissioned an in-depth study to better understand the social risk factors linked to new cases of HIV.

PEOPLE CONTINUED

Workforce culture and capability

We aim to attract the best people in the industry and provide professional and personal development opportunities that empower everyone to reach their full potential.

Our People and Organisation strategy is focused on achieving three outcomes:

- Creating a safe and caring environment, where every colleague experiences a work environment free of physical and psychological harm, and everyone can bring their whole and best selves to work every day
- Igniting growth and extraordinary performance, by helping all employees and teams to realise their full potential and harness it to deliver our Purpose and business strategy
- Empowering our business to achieve new possibilities, by understanding potential opportunities and disruptors, understanding the implications for our people, and enabling the business to adapt.

Our Organisation Model

Our Organisation Model is the foundation for achieving our objectives as a business. It is a set of structures, systems and processes that define the way we lead and work together to deliver safe, productive outcomes. Our Operating Model works alongside the Organisation Model to ensure we have the right people, in the right roles, doing the right work.

Performance management and continuous learning

In 2019, we introduced an innovative approach to managing the performance of about 11,000 of our employees which puts the emphasis on teams delivering against shared goals. Under TEAM+, we manage team performance against collective targets and commitments, rather than individual performance. TEAM+ promotes active collaboration and collective responsibility. It has helped to align the way that teams work with the Purpose and strategy of our business in mind and will enable faster progress in important areas, such as safety.

During the year, we launched LEARN+, a single, user-friendly interface that makes it easy for our employees and people in our host communities to access our growing range of online learning resources. This is part of our Centre of Excellence model for learning, which provides access to web-based resources, and augmented reality and virtual reality learning experiences through a single-content repository.

We spent \$90 million on training in 2019 (2018: \$94 million). After 12 months, 52,000 of our employees had engaged with LEARN+ content, with participants spending an average of four hours per month consuming learning content.

Developing inspiring leaders

We believe that inspiring, accountable and safety-conscious leaders are the foundations of a high performance culture. We invest in equipping leaders at all levels of the organisation with the skills they need to motivate employees and encourage their teams' development.

We have a structured Leadership Academy to develop our leaders' capabilities. The Academy runs five programmes, which focus on achieving our Purpose as a business, ensuring the safety of our people, and delivering industry-leading margins and returns. More than 400 leaders participated in Leadership Academy programmes in 2019.

Sourcing the skills Anglo American needs

To re-imagine mining, we need to develop new skills among our existing employees and bring new kinds of talent into our business. We are continuing to evolve our approach to talent acquisition. This includes improving our recruitment capability, investing in training and tools to eliminate unconscious bias, and launching a new applicant-tracking system. We aim to establish a consistent global recruitment process that can attract, source and anticipate the skills that the business will need in the future.

Employee engagement and workplace relations

We recognise that there are many different aspects to employee engagement. These include the way that we work and build relationships with trade unions and other representative bodies, our success in building a diverse and inclusive working environment, and the steps we take to engage employees directly.

In 2019, we established a Global Workforce Advisory Panel to better gather views from the workforce in line with the recommendations of the revised 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. It met for the first time in October 2019, in South Africa, and the outcomes of its discussions were shared with the Anglo American Board at its meeting in December 2019. In the future, the Panel expects to convene at least twice a year and,

along with the other established channels of communication we have with our employees, this forum should be of considerable benefit in helping the Board better understand the views of the workforce when making strategic decisions.

Our employee turnover rate was 2.3% (2018: 2.4%). New hires represented 11.3% of our permanent employees, against 10.5% in 2018.

We take a decentralised approach to working with trade unions, works councils and other representative bodies, which enables our business units to address specific regional issues and concerns affecting different areas of our business. In 2019, approximately 72% of our permanent workforce was represented by worker organisations and covered by collective bargaining agreements. There was one incident of unprotected industrial action in South Africa at PGMs' Mototolo mine, which lasted three weeks and related to wage demands and employee concerns about medical coverage. These issues were resolved in early 2020.

In October 2019, we completed our latest employee-engagement survey, reaching more employees and gathering more detailed feedback than ever before. We received responses from 39,000 employees, representing 66% of our permanent workforce. See page 98 of the Governance report for details of the key insights to emerge from the survey.

Supporting labour rights

Anglo American has 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. There were no reported incidents of under-age or forced labour at Anglo American operations during 2019.

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

An inclusive and diverse environment

Inclusion and diversity are essential foundations of a high performance culture. They ensure that Anglo American has access to the widest possible pool of talent, while providing all employees with opportunities to fulfil their potential.

We have made significant progress during the past 12 months in creating a more inclusive and diverse workplace. We recognise, however, that we still have much more to do as we address the issues associated with mining being a historically male-dominated industry.

During 2019, we rolled out inclusive leadership training to all leaders globally, following the unconscious-bias training the senior leadership team received in 2018. The inclusive leadership programme puts the focus on conscious inclusion and the actions that our leaders can take to address barriers to inclusion within their own teams.

We updated our global workplace policies to reflect our commitments, by introducing global policies covering inclusion and diversity, bullying, harassment and victimisation, and flexible working.

We also launched several new initiatives designed to eliminate bullying and harassment, provide stronger support on mental health, and ensure all colleagues are comfortable in their work environment.

Towards the end of 2018, we surveyed 15,000 employees anonymously and in confidence to get a clearer picture on their diversity and to understand how inclusive our culture is. This enabled us to measure perceptions of inclusion within Anglo American for the first time and will provide a benchmark for measuring progress.

We have identified gender equality as a business imperative for Anglo American, and have set a target for 33% female representation within all management levels in every business unit and Group function, by 2023. At the end of 2019, women made up 21% of our overall workforce, compared with 20% in 2018.

We have set a similar target for 33% of our Group Management Committee and those reporting to the committee to be women by 2023. The proportion of women at this level has increased from 15% in 2016 to 24% in 2019.

We report on the gender pay gap for our UK operations, in line with legislative requirements. On 5 April 2019, our gender pay gap reporting date, women represented 53% of the 249 employees at our UK head office, and 25% of senior management roles. The average hourly pay gap was 50% and the median hourly pay gap 38%. While there has been a significant improvement in representation, our gender pay gap reflects our UK senior management population having a substantially higher proportion of men (75%) than women (25%).

At the year end, the proportion of our permanent employees aged under 30 was 12%, with 69% aged between 30 and 50, and the remaining 19% over 50 years of age. In South Africa, historically disadvantaged South Africans (HDSA) held 65% of our management positions.

Building a purpose-led culture

Anglo American expects our employees, contractors, suppliers and associates to behave ethically, always. We recognise society's enhanced expectations that we should act with integrity and display consistent care and respect for colleagues, communities and the environment. We have aligned our Code of Conduct and Business Integrity Policy with these expectations.

We embed reminders about the Code in our regular communications with our employees, and support it with guidelines that help all our employees make the right decisions when faced with ethical dilemmas. We have appointed Code of Conduct programme managers throughout the business, who develop implementation plans to raise awareness of the Code in their business units. Internal audits are carried out on a sample basis to check that these plans are in place and being implemented. In addition, we commission external reviews of key areas of the Code. The content of the Code is reviewed on an annual basis and updated as necessary. We also review our Business Integrity Policy and procedures every two years, and update when required.

Business integrity

Our Business Integrity Policy states that we will neither give nor accept bribes, nor permit others to do so in our name. We support the policy through 11 Prevention of Corruption Procedures that set out the conduct required in areas where bribery and corruption risk may be present. We have a network of business integrity implementation champions and managers across the Group, who administer this programme. Any employee can escalate concerns about business integrity through reports to their line manager, by contacting the Group Ethical Business Conduct team, or by using YourVoice, our confidential whistleblowing programme.

Our Business Integrity Policy prohibits the making of political donations of any kind on behalf of the Company. In 2019, no funds from the Anglo American Foundation, nor from our CSI expenditure, were allocated to political donations.

Addressing bribery risk

We assess bribery risks as part of the ethical risk assessments that we carry out across the Group. Our key bribery risks arise out of the use of intermediaries, and our interactions with government officials, customers, suppliers and communities. When we determine bribery risk to be high, we develop an action plan to strengthen our internal controls and manage the risk. Our Internal Audit team audits these processes and controls on a regular basis, as part of the wider business integrity audits.

Whistleblowing

Our internal whistleblowing facility, which includes a telephony service and web-based portal, is operated by a new third-party service provider and was rebranded in 2019 to YourVoice. Our global programme continues to provide a confidential and secure means for our employees, business partners, and other external stakeholders to report concerns about conduct that is contrary to our Values, Purpose and integrity standards.

In 2019, 505 reports or allegations were received, covering a broad spectrum of concerns including human resource issues, such as bullying, harassment (including sexual harassment) and victimisation. A further 248 incidents were also reported that related to external procurement fraud. All reports are confidential and reporters are able to submit their disclosures anonymously. We review, assess and, where necessary, investigate all reports made.

CAPITAL ALLOCATION

A STRONG FOCUS ON CAPITAL DISCIPLINE

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation: sustaining capital to maintain asset integrity (including Reserve Life); then the base dividend to our shareholders, determined on a 40% underlying earnings-based payout ratio; while ensuring a strong balance sheet. Based on a balanced approach, discretionary capital is then either allocated to growth investments or upgrades to our portfolio that are subject to a demanding risk framework and that meet our stringent value criteria, or is considered for additional returns to shareholders.

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

During 2019, our focus was on continuing to improve our competitive position, progressing the construction of our Quellaveco copper project in Peru, as well as returning excess cash to shareholders through the \$1 billion share buyback programme announced on 25 July 2019. We will continue to allocate the appropriate capital across our portfolio of assets, to both sustain our business and to protect and enhance value.

Balance sheet flexibility

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

Net debt at 31 December 2019 was \$4.6 billion (2018: \$2.8 billion), resulting in a net debt/EBITDA ratio of 0.5 times, significantly lower than our target ratio. The \$1.8 billion increase in net debt since 31 December 2018 has been driven primarily by a planned increase in total capital expenditure and higher distributions to shareholders, partly offset by stronger EBITDA generated during 2019. In addition, effective from 1 January 2019, and as a result of the transition to IFRS 16 *Leases*, there

is a requirement to include former operating leases on the balance sheet, adding \$0.5 billion to the Group's net debt.

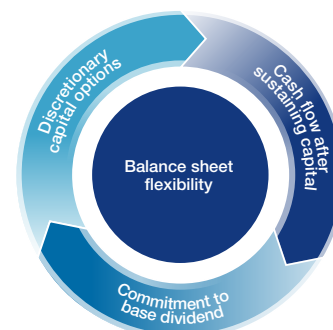
Group liquidity levels remained conservative, with \$6.3 billion of cash (2018: \$6.5 billion) and \$8.7 billion of undrawn committed facilities (2018: \$7.3 billion). On 1 January 2019, a committed shareholder loan facility of \$1.8 billion from Mitsubishi Corporation became available to Anglo American Quellaveco S.A. to meet Mitsubishi's commitment to fund 40% of the remaining capital expenditure on the Quellaveco copper project.

In 2019, the Group issued bonds for a US dollar equivalent value of \$1.0 billion. The issuances consisted of a seven-year €500 million bond and a 10-year £300 million bond. The proceeds were used, in part, to pre-fund a \$0.4 billion equivalent bond maturity in June 2019. The weighted average maturity on outstanding bonds has reduced slightly to 4.5 years (2018: 5.0 years). In March 2019, Anglo American plc received upgrades from S&P Global Ratings and Moody's Investors Service to BBB and Baa2 (both with stable outlooks) respectively.

Cash flow after 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, development and stripping, and life-extension expenditure, less the proceeds from disposals of property, plant and equipment. For 2020-2022, we expect sustaining capital expenditure to be within a range of \$3.2-\$3.5 billion per annum as we invest in attractive life-extension projects, primarily at our diamonds, iron ore and metallurgical coal assets. Our longer term guidance of \$2.8-\$3.1 billion per annum remains unchanged.

In July 2019, the Board approved the Aquila project to extend the life of the Capcoal underground hard coking coal (HCC) operations in Queensland, Australia by six years to 2028. The project is a brownfield expansion that leverages off existing equipment and infrastructure to deliver a low capital intensity opportunity in prime, high margin HCC resources. With an expected attributable capital cost of \$0.2 billion, the first longwall production of premium quality HCC is expected in early 2022.



Discretionary capital options

Portfolio upgrade	Future project options	Additional shareholder returns
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Commitment to base dividends

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

Our dividend policy provides shareholders with increased cash returns upon improvement in product prices, while retaining balance sheet flexibility during periods of weaker pricing. The Group paid dividends of \$0.7 billion in May 2019 (in relation to second half 2018 underlying earnings), and \$0.8 billion in September 2019 (in relation to first half 2019 underlying earnings). In line with the policy, the Board proposes a final dividend of 40% of second half underlying earnings, equal to 47 cents per share, bringing the total dividends paid and proposed in respect of 2019 to \$1.09 per share.

Discretionary capital options

Strict and disciplined value criteria are applied to the assessment of future options. We will consider options to upgrade the quality of our portfolio in a measured manner and only where we see value, through inorganic opportunities and asset disposals. Where appropriate, we will seek partners on major greenfield projects at the right time and for value, and are likely to not commit to the full development of more than one such project at any given time.

In July 2019, the Board approved an additional return of up to \$1 billion to shareholders via an on-market share buyback programme. This additional return recognises the resilience of our balance sheet, and our confidence in funding our portfolio of highly attractive near and medium term growth opportunities. The programme will end no later than 31 March 2020 and had returned \$0.8 billion to shareholders by 31 December 2019.

During 2019, the development of the Quellaveco copper project continued to progress to plan. The Group's share of capital expenditure in 2019 was \$0.5 billion after utilising the proceeds from Mitsubishi's subscription in 2018. We expect our share to increase to between \$0.9-\$1.0 billion in 2020. In 2019, we also announced the approval by Debmarine Namibia, a 50:50 joint operation between De Beers and the Namibian government, for the construction of a new custom-built diamond recovery vessel. At an expected total capital cost of \$0.5 billion (\$0.2 billion attributable to Anglo American), this new vessel will become the seventh in the Debmarine fleet. It is expected to begin production in 2022, with the capacity to add 500,000 high value carats of annual production.

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

In addition, we continue to progress the application of innovative concepts and step-change technologies stemming from our FutureSmart Mining™ programme. The Group is investing \$0.1-\$0.5 billion per annum of discretionary capital in technology and innovation related initiatives to drive improvements across our existing portfolio of assets. Evaluation expenditure was in line with the prior year at \$173 million (2018: \$172 million) and expenditure on exploration activities increased by 12% to \$126 million (2018: \$113 million).

In 2019, our portfolio management strategy remained focused on continuously improving asset quality and our competitive position to ensure that we have a business that delivers sustainable free cash flows and returns to our shareholders. In this regard, in 2019, the Group commenced, or completed, a number of transactions. We entered into a transaction, expected to complete in 2020, to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor through the sale of 12% in Grosvenor mine to the minority shareholders in Moranbah North. The Grosvenor mine uses Moranbah North's coal processing infrastructure, where numerous debottlenecking, expansion and product blending options offer considerable cost, productivity and margin benefits for the integrated operation.

We also completed the two-phased restructuring plan of Atlatsa, which entailed among others, the acquisition of the exploration properties adjacent to Mogalakwena mine.

Namdeb Holdings, a joint operation between the Namibian government and De Beers, announced the sale of Elizabeth Bay in September 2019.

In January 2020, Anglo American announced that an agreement has been reached with the board of Sirius Minerals Plc ('Sirius') on the terms of a recommended cash acquisition for the entire issued and to be issued share capital of Sirius. Anglo American identified Sirius's Woodsmith polyhalite project in North Yorkshire (the 'Project') as being of potential interest given the quality of the underlying asset in terms of scale, resource life, operating cost profile and the nature and quality of its product. The Project has the potential to fit well with our established strategy of focusing on world class assets, particularly in the context of Anglo American's portfolio trajectory towards later-cycle products that support a fast growing global population and a cleaner, greener, more sustainable world. The proposed transaction is subject to regulatory and Sirius shareholder approval.

Anglo American Platinum completed the disposal of its 33% interest in the Bafokeng Rasimone Platinum Mine associate to Royal Bafokeng Resources Proprietary Limited (RBR) in December 2018, for a total consideration of around \$150 million, of which approximately \$110 million was deferred. The outstanding consideration, including accumulated interest, was settled in full by RBR in January 2020.

Group capital expenditure

Capital expenditure increased to \$3.8 billion (2018: \$2.8 billion), with rigorous capital discipline continuing to underpin the planning and execution of all projects.

Sustaining capital expenditure increased to \$3.0 billion (2018: \$2.5 billion), driven by increased stripping and development expenditure at Kumba and De Beers and a life-extension investment in Khwezela thermal coal mine in South Africa.

Growth capital expenditure increased to \$0.8 billion (2018: \$0.3 billion), largely due to expenditure on Quellaveco of \$0.5 billion, net of Mitsubishi funding (gross expenditure at Quellaveco was \$1.3 billion).

We expect total capital expenditure to increase to between \$4.7-\$5.2 billion in 2020, and \$4.7-\$5.5 billion in 2021.

CAPITAL EXPENDITURE⁽¹⁾

\$ million	2019	2018
Stay-in-business	1,656	1,617
Development and stripping	976	796
Life-extension projects ⁽¹⁾	358	245
Proceeds from disposal of property, plant and equipment	(8)	(162)
Sustaining capital	2,982	2,496
Growth projects ⁽¹⁾	847	340
Total	3,829	2,836
Capitalised operating cash flows	11	(18)
Total capital expenditure	3,840	2,818

⁽¹⁾ Life-extension projects and growth projects are collectively referred to as expansionary capital expenditure.

MANAGING RISK EFFECTIVELY

Byron Grote
Chairman
Audit Committee



Anglo American recognises that risk is inherent in all its business activities. Our risks can have a safety, financial, operational or reputational impact. Volatility in commodity markets provides a good illustration of risk inherent in our business. 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.

For more on the Group's strategy:
See page 14

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 exploration 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 and strategy are provided on pages 8-9.

Although, price performance and volatility showed significant variation across the Group's diversified product portfolio in 2019, the Group's realised basket price across all commodities was broadly in line with the prior year. The sustainability of product prices remains uncertain, and current 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 – and with the proviso that they are world class orebodies and can demonstrate the clear potential to benefit from competitive cost positions and long reserve lives. Large greenfield projects are likely to be considered for syndication with other investors at the appropriate stage of a project's development, and for value, as a means of reducing our risk profile and capital requirements.

The assessment process and key assumptions

Assessment of the Group's prospects is based upon the Group's strategy, its financial plan and principal risks. The Group's focus during 2019 has been to drive efficiencies through the operations and upgrade the quality of our portfolio in order to improve cash flow generation, strengthen the balance sheet and create sustainable value through disciplined allocation of capital.

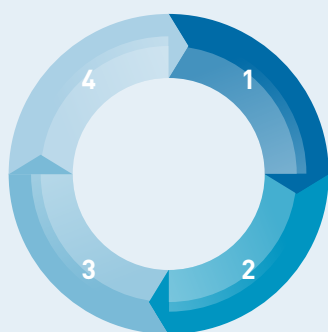
A financial forecast covering the next three years is prepared based on the context of the strategic plan and is reviewed on a regular basis to reflect changes in circumstances. The financial forecast is based on a number of key assumptions, the most important of which include product prices, exchange 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

Anglo American's assessment of strategic, operational, project and sustainable development related risks



1. Identifying risks

A robust methodology is used to identify key risks across the Group – at business units, operations and projects. This is being applied consistently through ongoing implementation of a Group integrated risk management framework and associated guidelines.

2. Analysing risks and controls to manage identified risks

Once identified, the process will evaluate identified risks to establish root causes, financial and non-financial impacts, and likelihood of occurrence. Consideration of risk treatments is taken into account to enable the creation of a prioritised register and in determining which of the risks should be considered as a principal risk.

3. Determining management actions required

The effectiveness and adequacy of controls are assessed. If additional controls are required, these will be identified and responsibilities assigned. Identification of controls associated with key risks is an important input into assurance planning.

4. Reporting and monitoring

Management is responsible for monitoring progress of actions to mitigate key risks and to determine if any such risk falls outside the limits of our risk appetite. In doing so, it is supported through the Group's internal audit programme, which evaluates the design and effectiveness of controls. The risk management process is continuous; key risks are reported to the Audit Committee, with sustainability risks also being reported to the Sustainability Committee.

expected foreign exchange rates. Financial performance and cash flows have then been subjected to stress and sensitivity analysis over the three-year period using a range of severe, but plausible scenarios.

Scenarios were selected for stress testing based upon an assessment of the Group's principal risks, and each include a risk deemed catastrophic to the Group. The scenarios tested include:

- Product price reductions of up to 20% from budget prices over three years, with no offsetting foreign exchange rate improvement
- Operational incidents that have a significant impact on production at key sites in the Group
- The impact of a cyber attack upon the Group's key information technology systems
- Technology developments affecting demand for diamonds
- Technology developments in the automobile industry affecting demand for PGMs
- Failure to achieve targeted operational performance improvements.

The Group's liquidity (defined as cash and undrawn committed facilities) was \$15 billion at 31 December 2019. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis. However, if these scenarios were to materialise, the Group also has a range of additional options that enable us to maintain our financial strength, including reduction in capital expenditure, the sale of assets, raising debt or reducing the dividend.

Viability statement

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

- The Group's strategy and budgeting process are aligned with a three-year view
- The volatility in commodity markets in recent years 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:

- Long term demand for minerals mined by Anglo American may change (positively or negatively) as a result of societal demands for climate change abatement and the growth of the circular economy
- 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 the Sustainable Mining Plan could cause reputational damage, threaten the organisation's licence to operate, impact future growth, and may also result in increased costs and a negative effect on the Group's financial results
- Unexpected mine-closure liabilities that have the potential to increase costs.

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

Principal risks

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

 **For more on principal risks:**
See pages 46-49

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 46

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 108-109

Summary

Our risk profile changed in 2019, mainly influenced by an evolving external environment in areas such as climate change, macro-economics, geo-political stability, stakeholder expectations, cyber threats and social unrest. We have updated our risk profile to include one new principal risk, escalating environmental, social and governance (ESG) requirements of investors and other stakeholders, based on a revised assessment. Our catastrophic risks are the highest priority risks, given the potential consequences.

PRINCIPAL RISKS

1. Catastrophic risks

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

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

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

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



Risk movement: No change.

Risk appetite: Tailings dam failure, mineshaft failure and slope and underground excavation failure risks are operating within the limits of our appetite. Fire and explosion risks are currently operating outside of our risk appetite, but actions are in progress and/or awaiting independent verification to bring these risks back within our risk appetite.

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

Pillars of value:

2. Product prices

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

Root cause: The most significant factors contributing to this risk at present are a continued slowdown in growth in China and other emerging markets, low growth rates in developed economies and an oversupply of commodities into the market. Other factors such as weak regional economies, fiscal crises and conflict can also influence the economic environment and contribute to weak product prices.

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: The successful delivery of cash improvement and operational performance targets remains the key mitigation strategy for this risk. Regular updates of economic analysis and product price assumptions are discussed with executive management and the Board.



Risk movement: Increased since 2018.

Risk appetite: Operating within the limits of our appetite.

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

Pillars of value:

3. Safety

Failure to eliminate fatalities.

Root cause: Inability to eliminate fatalities will result from management interventions and training initiatives failing to translate into behavioural change by all employees and contractors. Non-compliance with critical controls is a common failure in safety incidents.

Impact: Loss of life, workplace injuries and safety-related stoppages all immediately affect production, while, over the longer term, such factors are also a threat to 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. An elimination of fatalities taskforce is assessing safety risks at all operations to establish further actions necessary to improve safety performance.



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: During 2019, there were four work-related fatalities in our managed operations, compared with five in 2018. This is still an unacceptable level. Management remains committed to the elimination of fatalities.

Pillars of value:

Pillars of value:

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

4. Political and regulatory

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

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

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

Mitigation: Anglo American has an active engagement strategy with governments, regulators and other stakeholders within the countries in which we operate, or plan to operate, as well as at an international level. We assess portfolio capital investments against political risks and avoid or minimise exposure to jurisdictions with unacceptable risk levels. We actively monitor regulatory and political developments at a national level, as well as global themes and international policy trends, on a continuous basis. See pages 10-11 for more detail on how we engage with our key stakeholders.



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

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

Pillars of value:    

5. Corruption

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

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

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

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



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: Our anti-bribery programme was strengthened in 2019 as we implemented recommendations from an external review conducted in 2018.

Pillars of value:    

6. Cyber security

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

Root cause: The number and sophistication of cyber-criminal attacks are increasing.

Impact: Theft or loss of intellectual property, financial losses, increased costs and damage to reputation.

Mitigation: We have employed a specialist third party to oversee our network security. We have achieved UK Cyber Essentials Certification and an ongoing cyber awareness programme is in place across the Group.



Risk movement: Increased since 2018.

Risk appetite: Operating within the limits of our appetite.

Commentary: Cyber security risk was re-assessed and was deemed to have increased in 2019, owing to the greater sophistication of attempted cyber attacks. While our control environment continued to strengthen, and no attack was successful on Anglo American's network, other organisations have been targeted, resulting in significant interruption to their normal business operations.

Pillars of value:  

PRINCIPAL RISKS

CONTINUED

7. Future demand for diamonds

Demand for diamonds affected as production and marketing of synthetics increases.

Root cause: Technological developments have led to the production of higher quality gem synthetics. Producers and distributors of this material may attempt to sell fraudulently into the diamond pipeline (undisclosed) or market and sell as gem synthetics (disclosed), with manufacturing and distribution sources for the latter increasing.

Impact: Potential loss of rough diamond sales, leading to a negative impact on revenue, cash flow, profitability and value.

Mitigation: While research underlines consumers' continued desire for natural diamonds owing to their inherent value, emotional connection and rarity, De Beers has a comprehensive strategy to mitigate the risk of both the entry of undisclosed synthetics into the pipeline and the potentially misleading marketing of disclosed synthetics.

In addition, measures to emphasise, protect and enhance the inherent value of natural diamonds include: increased marketing investment, including through the Diamond Producers Association, e.g. reasserting the emotional symbolism of diamonds through the Real is Rare campaign; investment in blockchain to give consumers confidence as to the natural provenance of a diamond; investment in bespoke technology to readily detect all synthetics; and the launch of Lightbox™ to reinforce with consumers the inherent difference between synthetic and natural diamonds.



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: We believe that production of, and demand for, disclosed gem synthetics over the natural business has increased owing to the factors described; however, De Beers' mitigation strategies have matured over 2019 to enable us to respond to this development.

Pillars of value:

8. Operational performance

Unplanned operational stoppages impacting production.

Root cause: Unplanned and unexpected operational issues will affect delivery of the underlying EBITDA target. Failure to implement the Operating Model, manage cost inflation or maintain critical plant, machinery and infrastructure, 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 or extreme weather.

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

Mitigation: Implementation of our Operating Model, supported by operational risk management and assurance processes, is the key mitigation against this risk. Compliance with our technical standards will prevent certain operational risks occurring. Regular tracking and monitoring of progress against the underlying EBITDA targets is undertaken.



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: During 2019, there were no unplanned operational stoppages that had a material impact on production.

Pillars of value:

9. Water

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

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

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

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



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: This continues to be a risk to the majority of our operations.

Pillars of value:

Pillars of value:

 Safety and health
 Environment
 Socio-political
 People

 Production
 Cost
 Financial

10. Future demand for PGMs

Longer term demand for PGMs is affected by fundamental shifts in market forces.

Root cause: Longer term demand is at risk from declining internal combustion engine manufacturing, and a switch to battery operated vehicles instead of fuel cell electric vehicles, which continue to use higher volumes of PGMs.

Impact: A negative impact on revenue, cash flow, profitability and valuation.

Mitigation: Our PGMs business has a strategy to grow PGM demand in industrial and jewellery sectors through marketing and investment initiatives in research, product development and market development opportunities, particularly in the automotive sector and in Indian and Chinese jewellery markets.



Risk movement: No change.

Risk appetite: Operating within the limits of our appetite.

Commentary: We see this as a longer term threat to the business

Pillars of value:    

11. Evolving stakeholder requirements and expectations

Failure to align the business with evolving stakeholder expectations regarding ESG matters, particularly linked to climate change, fossil fuels and carbon emissions, may result in a reduced valuation of the company and/or failure to be viewed as a trusted corporate leader.

Root cause: Stakeholder requirements and expectations continue to evolve, and different stakeholder groups can have opposing requirements and expectations of us. For example, an increasing number of financial stakeholders are adopting stricter investment criteria with regards to fossil fuels and carbon emissions. This is having a growing impact on industries that are major producers, and users, of fossil fuels and which are major emitters of CO₂ and other greenhouse gases. Yet such industries, particularly in poor and developing countries, are often a significant development player, helping to fast-track such countries' economic progress, providing employment, along with valuable earnings and foreign exchange.

Impact: Potential loss of stakeholder confidence leading to negative impact on value, cash flow and profitability.

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 the reduction in carbon emissions, power and water usage. For more information on our climate change policy, see page 33, and for further information on how we engage with key stakeholders, see pages 10-11.



Risk movement: A new principal risk.

Risk appetite: Operating within the limits of our appetite.

Commentary: This is a new principal risk in 2019.

Pillars of value:    

KEY PERFORMANCE INDICATORS

Pillar of Value	Strategic Element	Key Performance Indicators (KPIs) ^{ER}	Target
 Safety and health	Innovation People	Work-related fatal injuries ⁽¹⁾ ^{ER}	Zero
		Total recordable case frequency rate (TRCFR) ⁽¹⁾ ^{ER}	Year-on-year reduction
		New cases of occupational disease (NCOD) ⁽¹⁾	Year-on-year reduction
		HIV/AIDS treatment ^{ER}	90% known status, 90% of HIV-positive employees enrolled in HIV disease management programme
 Environment	Innovation	Energy consumption ⁽¹⁾	8% saving by 2020
		Greenhouse gas (GHG) emissions ⁽¹⁾ ^{ER}	22% saving by 2020
		Total water withdrawals ⁽¹⁾	20% saving by 2020
		Level 4-5 environmental incidents ⁽¹⁾⁽²⁾ ^{ER}	Zero
 Socio-political	Innovation	The Social Way assessment scores ⁽¹⁾⁽³⁾	Eliminate non-compliance
 People	People	Voluntary labour turnover	
		Gender diversity	
		South Africa transformation	
 Production	Portfolio Innovation	Production volumes Copper equivalent production 2019 vs 2018: +1%	
 Cost	Portfolio Innovation	Unit cost of production Copper equivalent unit cost 2019 vs 2018: (6)% in \$ terms	
 Financial	Portfolio Innovation	Attributable return on capital employed (ROCE) ⁰ ^{ER}	
		Underlying earnings per share (EPS) ⁰ ^{ER}	
		Attributable free cash flow ⁰ ^{ER}	

⁽¹⁾ Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2019 and 2018, data excludes De Beers' joint operations in Namibia and Botswana. Prior years' data includes De Beers' joint operations in Namibia and Botswana.

⁽²⁾ The KPI has been changed to 'Level 4-5 environmental incidents' to reflect the data included in the chief executive's quarterly performance scorecard.

⁽³⁾ The 2016 and 2017 Social Way data does not include operations that were divested, closed, or for which sale agreements were concluded during the period. Sites targeted for divestment were granted exemptions on selected requirements; these requirements were not assessed during 2017.

⁽⁴⁾ Includes production from AA Norte until the date of disposal (October 2015).

For full description and calculation methodology: see pages 226-227

	2015	2016	2017	2018	2019
Number of work-related fatal injuries	6	11	9	5	4
TRCFR	4.66	3.55	3.17	2.66	2.21
NCOD	159	111	96	101	39
% of employees in southern Africa who know their HIV status and % of employees in southern Africa who are HIV-positive and enrolled in HIV disease management programmes	68:72	88:68	83:84	88:86	94:92
Measured in million gigajoules (GJ)	106	106	97	84	87
Measured in million tonnes of CO ₂ equivalent emissions	18.3	17.9	18.0	16.0	17.7
Measured in million m ³	339	296	306	227	209
Number of Level 4-5 environmental incidents	0	0	0	1	0
Serious non-compliance (%)	1	0	1	0	0
Moderate non-compliance (%)	33	16	11	9	4
Compliant (%)	46	51	56	36	34
Good practice (%)	16	26	24	40	46
Best practice (%)	4	7	8	15	16
Voluntary turnover expressed as % of total permanent employees	1.9	2.2	2.3	2.4	2.3
Women as a percentage of senior management (%)	n/a	15	18	21	24
Women as a percentage of total workforce (%)	18	18	19	20	21
HDSA as a percentage of management (%)	60	62	66	65	65
De Beers – million carats	28.7	27.3	33.5	35.3	30.8
Copper – thousand tonnes ⁽⁴⁾	709	577	579	668	638
Platinum – thousand ounces ⁽⁵⁾	2,337	2,382	2,397	2,021	2,051
Palladium – thousand ounces ⁽⁵⁾	1,480	1,539	1,557	1,379	1,386
Iron ore (Kumba) – million tonnes	44.9	41.5	45.0	43.1	42.4
Iron ore (Minas-Rio) – million tonnes (wet basis)	9.2	16.1	16.8	3.4	23.1
Metallurgical coal (Export coking and PCI) – million tonnes	21.2	20.9	19.7	21.8	22.9
Thermal coal (Export) – million tonnes	29.3	29.7	29.2	28.6	26.4
De Beers – \$/carat	83	67	63	60	63
Copper – C1 unit cost, c/lb	154	137	147	134	126
Platinum – \$/ounce	1,508	1,330	1,443	1,561	1,543
Kumba – \$/tonne	31	27	31	32	33
Iron Ore Brazil – \$/tonne (wet basis)	60	28	30	n/a	21
Metallurgical Coal – \$/tonne	55	51	61	64	63
Thermal Coal – South Africa – \$/tonne	39	34	44	44	45
Group attributable ROCE ⁶ (%)	5	11	19	19	19
Group underlying EPS ⁶ (\$)	0.64	1.72	2.57	2.55	2.75
Group attributable free cash flow ⁶ (\$ million)	(982)	2,562	4,943	3,157	2,324

⁽⁴⁾ In 2019, production reflects own-mined production and purchase of metal in concentrate. Production in 2018 has been restated to exclude purchase of concentrate volumes now treated under tolling arrangement. No other years have been restated.

Executive Remuneration
KPIs with this symbol are linked to Executive Remuneration; for more information, see the Remuneration report on pages 110-138.

GROUP FINANCIAL REVIEW

Anglo American's profit attributable to equity shareholders was in line with the prior year at \$3.5 billion (2018: \$3.5 billion). Underlying earnings were \$3.5 billion (2018: \$3.2 billion), while operating profit was \$6.2 billion (2018: \$6.1 billion).

Production increased by 1% on a copper equivalent basis, driven by increases at Metallurgical Coal and Minas-Rio (iron ore), which restarted operations in December 2018. These increases were partly offset by a combination of lower production at Los Bronces (copper) owing to restricted water availability due to drought conditions and De Beers (diamonds), where production was reduced in line with demand. Production was also affected by the impact of Eskom power outages on some of our South African operations.

De Beers' rough diamond production decreased by 13% to 30.8 million carats (2018: 35.3 million carats), primarily driven by a reduction in South Africa as Venetia transitions from open pit to underground and in response to demand.

Copper production decreased by 5% to 638,000 tonnes (2018: 668,300 tonnes), with higher planned grades at Los Bronces offset by production losses owing to lower water availability due to drought conditions. Attributable production from Collahuasi increased by 1% to 248,800 tonnes (2018: 246,000 tonnes), despite planned lower grades, owing to a solid plant performance.

At our PGMs business, total platinum and palladium production (metal in concentrate) increased by 1% to 2,050,600 ounces (2018: 2,020,500 ounces), and 1,385,900 ounces (2018: 1,379,000 ounces) respectively.

The increase in production was primarily due to higher grades and throughput at Mogalakwena and the continued ramp-up of the Dishaba Lower section at Amandelbult, partially offset by Eskom power disruptions.

At Kumba, iron ore production decreased by 2% to 42.4 Mt (2018: 43.1 Mt), mainly due to the infrastructure upgrade of Kolomela's dense media separation (DMS) plant, with improved plant performance at Sishen in the second half of the year compensating for operational challenges earlier in the year.

Following the restart of operations at Minas-Rio in December 2018, iron ore production for the year was 23.1 Mt (2018: 3.4 Mt), reflecting the optimisation work undertaken while operations were suspended, the benefit from P101 productivity initiatives and access to the Step 3 mining area higher grade ore.

Metallurgical coal production increased by 5% to 22.9 Mt (2018: 21.8 Mt), driven by a 1.0 Mt increase at Grosvenor and a strong performance at Dawson, which offset the impact of an extended longwall move at Moranbah.

At Thermal Coal, total export production decreased by 8% to 26.4 Mt (2018: 28.6 Mt), while Nickel's production increased by 1% to 42,600 tonnes (2018: 42,300 tonnes) and manganese ore production decreased by 3% to 3.5 Mt (2018: 3.6 Mt).

Group copper equivalent unit costs were 6% lower in US dollar terms, largely due to favourable exchange rates and the benefit of the strong performance at Minas-Rio, partially offset by lower production at De Beers and Kumba.

Financial performance

FINANCIAL PERFORMANCE

	2019	2018
Underlying EBITDA ^o (\$billion)	10.0	9.2
Operating profit (\$billion)	6.2	6.1
Underlying earnings ^o (\$billion)	3.5	3.2
Profit attributable to equity shareholders of the Company (\$billion)	3.5	3.5
Underlying earnings per share ^o (\$)	2.75	2.55
Earnings per share (\$)	2.81	2.80
Dividend per share (\$)	1.09	1.00
Group attributable ROCE ^o	19%	19%

Underlying EBITDA^o

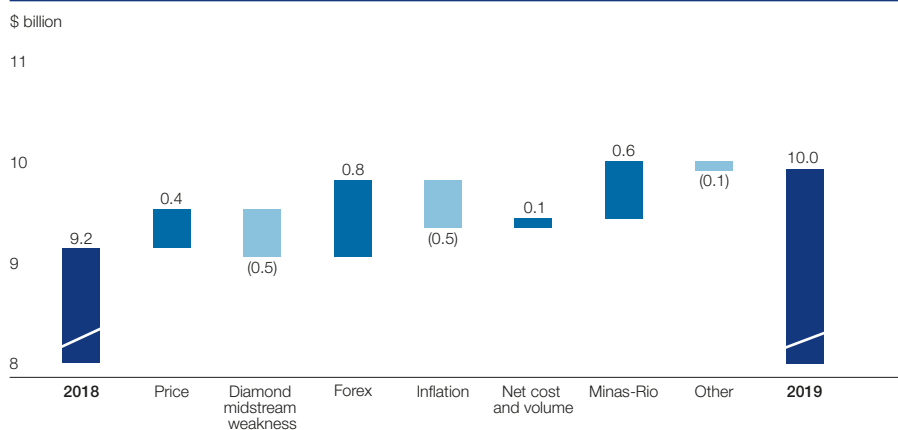
Group underlying EBITDA increased by 9% to \$10.0 billion (2018: \$9.2 billion). The Group Mining EBITDA margin^o was in line with the prior year at 42%, reflecting the strong performance at Minas-Rio, offset by diamond midstream weakness. A reconciliation of 'Profit before net finance costs and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 2 to the Consolidated financial statements.

UNDERLYING EBITDA^o BY SEGMENT

\$ million	2019	2018
De Beers	558	1,245
Copper	1,618	1,856
PGMs	2,000	1,062
Iron Ore	3,407	1,177
Coal	1,832	3,196
Nickel and Manganese	634	844
Corporate and other	(43)	(219)
Total	10,006	9,161

The reconciliation of underlying EBITDA from \$9.2 billion in the year ended 31 December 2018, to \$10.0 billion in the year ended 31 December 2019, shows the controllable factors (e.g. cost and volume), as well as those outside of management control (e.g. price, foreign exchange and inflation), that drive the Group's performance.

UNDERLYING EBITDA^o RECONCILIATION 2018–2019



Price

Average market prices for the Group's basket of commodities and products increased by 1%, contributing \$0.4 billion of improvement to underlying EBITDA. The average realised FOB iron ore price for Kumba's iron ore increased by 35%, outperforming the market index owing to its higher iron content and relatively high proportion of lump ore. The price achieved for the PGMs basket increased by 27%, largely due to palladium and rhodium, which recorded increases of 48% and 73% respectively. The positive impact was partly offset by decreases in the realised prices for export thermal coal (30%), metallurgical coal (12%), and copper (4%).

Diamond midstream weakness

In 2019, overall demand for rough diamonds was lower owing to challenges in the midstream, as a result of closure of some US 'bricks and mortar' retail outlets and an increase in online purchasing. The negative price and volume impact in the year was \$0.5 billion, compared with 2018.

Foreign exchange

The positive foreign exchange impact on underlying EBITDA of \$0.8 billion was largely due to the weaker South African rand, Australian dollar and Brazilian real.

Inflation

The Group's weighted average CPI for the year was 3%, compared with 4% in 2018. This was principally influenced by a decrease in inflation in South Africa. The impact of inflation on costs reduced underlying EBITDA by \$0.5 billion.

Net cost and volume

Underlying cost and volume benefits were \$0.4 billion. These were offset, however, by external headwinds, including the drought in Chile restricting copper production, lower sales at Kumba owing to lower domestic sales and logistics challenges, and the impact of Eskom power outages on production at PGMs. The cost and volume benefit, net of these headwinds, was \$0.1 billion.

The underlying \$0.4 billion cost and volume benefits were driven by a strong performance at Minas-Rio, with production significantly outperforming 2017 levels, and significant cost saving initiatives at Copper. This was partly offset by expected lower production volumes at De Beers, as Venetia transitions from open pit to underground.

Minas-Rio

The increase of \$0.6 billion in the Group's underlying EBITDA reflects the recovery to 2017 performance levels from the impact of the suspension of operations at Minas-Rio for nine months in 2018.

Other

The \$0.1 billion decrease in underlying EBITDA was driven by lower volumes in response to weaker demand at the Group's associate, Cerrejón, as well as Voorspoed and Victor mines (De Beers) ceasing operations. Also included are charges to the income statement in respect of environmental restoration provisions. These were broadly consistent with 2018 at \$0.2 billion, and primarily relate to increases at Copper and De Beers.

Underlying earnings^o

Profit for the financial year increased by 5% to \$4.6 billion (2018: \$4.4 billion). Group underlying earnings increased to \$3.5 billion (2018: \$3.2 billion), owing to a 9% increase in underlying EBITDA, offset by an increase in the profit attributable to non-controlling interests.

RECONCILIATION FROM UNDERLYING EBITDA^o TO UNDERLYING EARNINGS^o

\$ million	2019	2018
Underlying EBITDA ^o	10,006	9,161
Depreciation and amortisation	(2,996)	(2,784)
Net finance costs and income tax expense	(2,469)	(2,265)
Non-controlling interests	(1,073)	(875)
Underlying earnings^o	3,468	3,237

Depreciation and amortisation

Depreciation and amortisation increased by 8% to \$3.0 billion (2018: \$2.8 billion), owing to the impact of higher production at Minas-Rio and underground development at Metallurgical Coal, as well as the implementation of IFRS 16 Leases.

Net finance costs and income tax expense

Net finance costs, before special items and remeasurements, were \$0.4 billion (2018: \$0.4 billion).

The underlying effective tax rate was 30.8% (2018: 31.3%). The effective tax rate in 2019 was impacted by the relative levels of profits arising in the Group's operating jurisdictions. In future periods, it is expected that the underlying effective tax rate will remain above the UK statutory tax rate. The tax charge for the year, before special items and remeasurements, was \$1.8 billion (2018: \$1.5 billion).

Non-controlling interests

The share of underlying earnings attributable to non-controlling interests of \$1.1 billion (2018: \$0.9 billion) principally relates to minority shareholdings in Kumba, PGMs and Copper.

Special items and remeasurements

Special items and remeasurements are a net gain of \$0.1 billion (2018: net gain of \$0.3 billion) and include impairment reversals of \$1.0 billion at Minas-Rio (Iron Ore), offset by impairments of \$0.3 billion at Cerrejón (Coal) and \$0.6 billion at the export thermal coal mines in South Africa. The balance remaining principally relates to operating remeasurements and contract termination costs.

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

GROUP FINANCIAL REVIEW

CONTINUED

NET DEBT^o

\$ million	2019	2018
Opening net debt^o at 1 January	(2,848)	(4,501)
Underlying EBITDA ^o from subsidiaries and joint operations	9,139	7,827
Working capital movements	(50)	(30)
Other cash flows from operations	171	(15)
Cash flows from operations	9,260	7,782
Capital expenditure ^o	(3,840)	(2,818)
Capital repayments of lease obligations	(272)	–
Cash tax paid	(2,116)	(1,393)
Dividends from associates, joint ventures and financial asset investments	520	738
Net interest ⁽¹⁾	(334)	(315)
Dividends paid to non-controlling interests	(894)	(837)
Attributable free cash flow^o	2,324	3,157
Dividends to Anglo American plc shareholders	(1,422)	(1,291)
Disposals	24	193
Foreign exchange and fair value movements	(34)	(248)
Other net debt movements ⁽²⁾	(2,670)	(158)
Total movement in net debt^{o(3)}	(1,778)	1,653
Closing net debt^o at 31 December	(4,626)	(2,848)

⁽¹⁾ Includes cash outflows of \$124 million (2018: outflows of \$41 million), relating to interest payments on derivatives hedging net debt, which are included in cash flows from derivatives related to financing activities.

⁽²⁾ Includes the IFRS 16 Leases transition adjustment of \$469 million; capital expenditure on the Quellaveco project funded from the 2018 syndication transaction of \$515 million; Mitsubishi's subsequent share of Quellaveco capital expenditure of \$329 million; the purchase of shares under the buyback of \$777 million; and the purchase of shares for other purposes (including for employee share schemes) of \$266 million.

⁽³⁾ Net debt excludes the own-credit risk fair value adjustment on derivatives of \$1 million (2018: \$15 million).

Cash flow

Cash flows from operations

Cash flows from operations increased to \$9.3 billion (2018: \$7.8 billion), reflecting an increase in underlying EBITDA from subsidiaries and joint operations.

Cash outflows on working capital were \$50 million (2018: outflows of \$30 million). Inventory increased by \$434 million, reflecting planned increases at Copper and Nickel, as well as subdued sales at De Beers, particularly in the third quarter. Receivables increased by \$170 million, owing to stronger product prices and the restart of operations at Minas-Rio. An increase in a customer pre-payment within PGMs, reflecting increased metal prices, and the restart of operations at Minas-Rio, contributed to an offsetting increase in payables of \$554 million.

Attributable free cash flow^o

The Group generated attributable free cash flow of \$2.3 billion (2018: \$3.2 billion). Growth in cash flows from operations to \$9.3 billion (2018: \$7.8 billion) was offset by increased capital expenditure of \$3.8 billion (2018: \$2.8 billion) and higher tax payments of \$2.1 billion (2018: \$1.4 billion), principally at Kumba Iron Ore, Copper and Metallurgical Coal. Following adoption of IFRS 16 Leases, repayments of lease obligations are excluded from underlying EBITDA but remain within attributable free cash flow.

Dividends

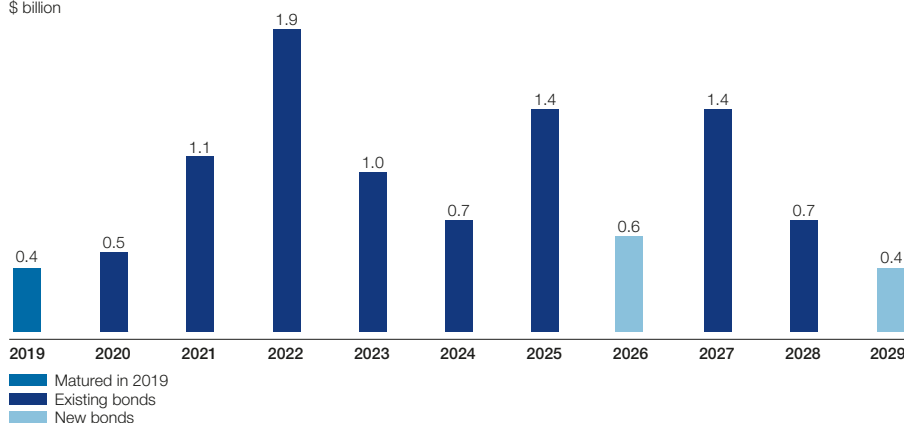
In line with the Group's established dividend policy to pay out 40% of underlying earnings, the Board has proposed a dividend of \$0.47 per share, bringing the total dividends paid and proposed in respect of 2019 to \$1.09 per share (2018: \$1.00 per share).

Share buyback

In July 2019, the Board approved an additional return of up to \$1 billion to shareholders via an on-market share buyback programme. This additional return recognises the resilience of our balance sheet, and our confidence in funding our portfolio of highly attractive near and medium term growth opportunities. The programme will end no later than 31 March 2020 and had returned \$0.8 billion to shareholders as at 31 December 2019.

BOND MATURITY PROFILE

\$ billion



Net debt^o

Net debt (including related derivatives) of \$4.6 billion has increased by \$1.8 billion, representing gearing of 13% (2018: 9%). Net debt at 31 December 2019 comprised cash and cash equivalents of \$6.3 billion (2018: \$6.5 billion) and gross debt, including related derivatives, of \$11.0 billion (2018: \$9.4 billion). The increase in net debt since 31 December 2018 was driven by \$0.5 billion of additional debt arising on adoption of IFRS 16 *Leases* on 1 January 2019, the purchase of \$0.8 billion of ordinary shares under the share buyback scheme announced in July 2019, and incorporation of Mitsubishi debt for the development of Quellaveco offsetting attributable free cash flow of \$2.3 billion.

Balance sheet

Net assets of the Group increased by \$1.6 billion to \$31.4 billion (2018: \$29.8 billion), reflecting the increased profit in the year and the effect of foreign exchange on operating assets denominated in local currency, offset by dividend payments to Company shareholders and non-controlling interests. Capital expenditure of \$3.8 billion was partly offset by depreciation and amortisation of \$3.0 billion.

Attributable ROCE^o

Attributable ROCE was flat at 19% (2018: 19%). Attributable underlying EBIT was \$5.5 billion (2018: \$5.2 billion), reflecting higher prices, favourable exchange movements and the restart of operations at Minas-Rio, offset by cost and volume headwinds and inflationary pressures. Average attributable capital employed increased to \$28.4 billion (2018: \$27.4 billion) due to increased capital expenditure, foreign exchange movements and changes in accounting treatment arising from the adoption of IFRS 16 *Leases*.

Liquidity and funding

Group liquidity remains conservative at \$15.0 billion (2018: \$13.9 billion), made up of \$6.3 billion of cash (2018: \$6.5 billion) and \$8.7 billion of undrawn committed facilities (2018: \$7.3 billion). On 1 January 2019, a committed shareholder loan facility of \$1.8 billion from Mitsubishi Corporation became available to Anglo American Quellaveco S.A. to meet Mitsubishi's commitment to fund 40% of the remaining capital expenditure on the Quellaveco copper project in Peru.

In March 2019, the Group issued bonds for a US dollar equivalent value of \$1.0 billion. The issuances consisted of a seven-year €500 million bond and a 10-year £300 million bond. These issuances pre-funded the \$0.4 billion equivalent bond maturity in June 2019. The weighted average maturity on the bonds has reduced slightly to 4.5 years (2018: 5.0 years).

The Group received an upgrade to BBB/Baa2 (stable outlook) in March 2019 from S&P Global Ratings and Moody's Investors Service respectively.

DE BEERS

Bruce Cleaver
CEO
De Beers

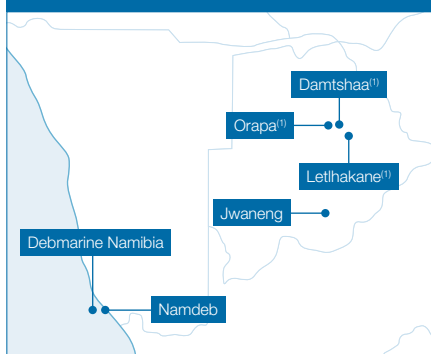


2019 SUMMARY

0 Fatalities	3.07 TRCFR
\$558m Underlying EBITDA	43% Mining EBITDA Margin
30.8 Mct Production volume	

Anglo American owns 85% of De Beers, the world's leading diamond company. The remaining 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.

BOTSWANA AND NAMIBIA



De Beers sells the majority of its rough diamonds through 10 Sight sales each year to term contract Sightholders and Accredited Buyers. It licenses its diamond brand Forevermark™ and markets and sells polished diamonds and diamond jewellery via its Forevermark™ and De Beers Jewellers businesses.

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

In Botswana, via a 50:50 joint operation with the GRB – known as Debswana – the company recovers diamonds from four mines, including Jwaneng, one of the world's richest diamond mines by value. The mine's high grade ore contributes 60%-70% of Debswana's revenue. The \$2 billion Cut-9 expansion of Jwaneng will extend the life of the mine to 2035 and is expected to yield an estimated 53 million carats⁽²⁾ of rough diamonds from approximately 44 million tonnes of treated material.

In Namibia, De Beers works in 50:50 partnership with the Namibian government, where they recover both land-based diamonds (Namdeb) and offshore diamonds (Debmarmine Namibia). Namibia has the richest known marine diamond deposits in the world, with Diamond Resources estimated at more than 80 million carats⁽²⁾ in approximately 1.1 million km² of sea-bed. Marine diamond deposits represent around 65% of the partnership's total diamond production and 90% of its diamond resources.

In South Africa, De Beers Consolidated Mines recovers diamonds from Venetia mine in Limpopo Province. Venetia is an open-pit mine and the country's largest producer of diamonds, contributing 40% of South

SOUTH AFRICA



CANADA



Africa's annual diamond production. Open-pit mining at Venetia is likely to run until 2021 and the transition is already underway to convert to underground mining, which is expected to extend the life of the mine to 2046. The project is expected to treat approximately 132 million tonnes of material, containing an estimated 100 million carats⁽²⁾.

In Canada, De Beers has a 51% interest in, and is the operator of, Gahcho Kué mine in the Northwest Territories, which began commercial production in 2017. The open-pit mine, with an 11-year life, can produce an average of 4.5 million carats a year, yielding an estimated total of 54 million carats⁽²⁾ from approximately 33 million tonnes of material.

De Beers also develops industrial super materials through Element Six, which includes the production of laboratory grown diamonds for Lightbox Jewelry. De Beers continues to offer diamond grading and testing services through De Beers Group Industry Services.

⁽¹⁾ All managed as one operation, the 'Orapa Regime'.

⁽²⁾ Refer to Anglo American plc Ore Reserves and Mineral Resources Report 2019 for additional information.



▼ Ramaphabana Nyaluvhani (right) farms a small plot of land in the far north of South Africa. With the support of De Beers' AWOME programme, which provides female entrepreneurs with the skills needed to expand their business, Ramaphabana has been able to expand the area she farms and increase the range of crops she grows there.

Gender equality

Initiatives in southern Africa

Research continues to show that investing in women and girls not only benefits business, but has an exponential effect on local development because women reinvest most of their income in their communities. This is why De Beers is continuing its commitment to gender equality through a \$3 million partnership with UN Women and through being a champion of the UN's global solidarity movement for gender equality, HeForShe.

By the end of 2019, more than 700 female micro-entrepreneurs in Namibia and South Africa had successfully completed their training under De Beers' Accelerating Women Owned Micro-Enterprises (AWOME) programme, which forms part of the company's partnership with UN Women. The programme, which has recently been extended to Botswana, aims to support more than 1,200 female micro-entrepreneurs across southern Africa over the next three years.

AWOME is tailored to provide female micro-entrepreneurs with the skills required to grow their businesses. Adopting a 'train the trainer' approach, local community members are trained in mentoring, networks, business, and life skills. They, in turn, train female entrepreneurs, enabling the programme to be sustainable. Additionally, the training enhances abilities across a range of areas, including how to access different markets, increase market share, generate income, create more jobs, and help to nurture effective decision-making, communication and negotiation skills.

Targeting regions with high levels of unemployment and limited job opportunities,

AWOME aims to create a sustainable support network and has already supported a range of micro-entrepreneurs, from diesel mechanics and children's entertainers to farmers, hairdressers and tailors.

Beyond southern Africa

Beyond southern Africa, De Beers has made substantial progress in other aspects of its partnership with UN Women.

In Canada, the company is supporting young women studying STEM (science, technology, engineering and mathematics) subjects, sponsoring STEM science camps for girls from indigenous communities around its operations and providing scholarships for women to attend university and study STEM subjects. De Beers has also partnered with UN Women to sponsor the #GetFree tour, which toured Canadian universities in 2019, engaging students on the HeForShe movement and the importance of gender equality.

In its marketing activities, De Beers strives to be a positive force for gender equality. A new set of inclusive marketing guidelines was launched across the business in 2019, focused on avoiding the exacerbation of gender stereotypes.

Finally, De Beers' partnership with UN Women has seen the company set a goal of achieving gender parity in its appointment rate at senior levels. The appointment rate of women into senior roles has increased from 22% at the start of the partnership with UN Women two years ago to 38% today. To accelerate meeting the target, De Beers is now embedding changes to culture and policy, including implementing employee networks, establishing reciprocal mentoring programmes and revising recruitment guidelines.

ROUGH DIAMOND PRODUCTION BY COUNTRY⁽¹⁾

	\$bn	%	
Russia	4.5	26	
Botswana	3.7	21	
Canada	2.5	14	
Angola	1.6	9	
South Africa	1.3	8	
Namibia	1.1	6	
DRC	0.6	4	
Other	2.1	12	
Total	17.4		

⁽¹⁾ Data relates to 2018 and is rough diamond production by value.

DIAMOND JEWELLERY DEMAND BY COUNTRY⁽¹⁾

	\$bn	%	
USA	36.2	48	
China ⁽²⁾	10.2	13	
Japan	5.4	7	
Gulf	3.2	4	
India	2.7	4	
Rest of World	17.9	24	
Total	75.6		

⁽¹⁾ Data relates to 2018 and is diamond jewellery value at retail prices.

⁽²⁾ Data set does not include Hong Kong, Macau and Taiwan.

DE BEERS CONTINUED

Safety

During 2019, De Beers experienced no loss of life incidents at any of its operations. The lost-time injury frequency rate decreased by 14% to 0.74 (2018: 0.86), while the total recordable case frequency rate increased by 24% to 3.07 (2018: 2.48).

De Beers' safety programmes are informed through deep engagement and robust participation across the business. Advanced Driver Assist System safety technology has been successfully installed on light vehicles, buses and trucks at Venetia and, based on the positive results there, additional systems have been procured for trials in Botswana and Namibia.

Environmental performance

Energy use decreased by 22% to 4.5 million GJ (2018: 5.8 million GJ) and GHG emissions by 14% to 0.48 Mt CO₂e (2018: 0.56 Mt CO₂e), largely owing to the closure of Victor mine. The ECO₂MAN programme continues to evaluate projects for energy and GHG emissions savings.

Project Minera, where carbon is captured and stored using kimberlite waste rock, is progressing well and has been accelerated, given its importance to the business and its potential to help De Beers achieve its Carbon Neutral Roadmap. Field-scale trials have taken place at Gahcho Kué and will start with Venetia material in early 2020. Initial characterisation work has also started in Botswana.

Financial and operational review

Total revenue decreased by 24% to \$4.6 billion (2018: \$6.1 billion), with rough diamond sales falling by 26% to \$4.0 billion (2018: \$5.4 billion). This was due to an 8% decrease in consolidated rough diamond sales volumes to 29.2 million carats (2018: 31.7 million carats) and a 20% reduction in average realised price to \$137/ct (2018: \$171/ct). The reduction in realised price was driven by a 6% decline in the average rough price index and from a lower value mix of diamonds sold, in response to the weaker demand for higher value diamonds.

In response to the challenging midstream trading environment, De Beers offered increased supply flexibility to Sightholders and sold a lower value and volume of rough diamonds to the midstream, while increasing marketing expenditure to \$178 million (2018: \$166 million) to further drive consumer demand for diamond jewellery.

Underlying EBITDA decreased by 55% to \$558 million (2018: \$1,245 million) owing to lower sales volumes, a lower value sales mix

which curtailed mining margins, and the lower rough price index which reduced margins in the trading business. Profitability in the mining business was supported by improved efficiencies and cost savings; so, although there was a 13% decline in production in response to weaker demand, with the business being impacted by mining cost inflation in southern Africa, unit cost increases were limited to 5%.

2019 RESULTS

	2019	2018
Production volume ('000 carats) ⁽¹⁾	30,776	35,297
Sales volume ('000 carats) ⁽¹⁾⁽²⁾	29,186	31,656
Price (\$/ct) ⁽¹⁾⁽³⁾⁽⁴⁾	137	171
Unit cost (\$/ct) ⁽¹⁾⁽⁴⁾⁽⁵⁾	63	60
Group revenue – \$m ⁽¹⁾⁽⁶⁾	4,605	6,082
Underlying EBITDA – \$m ⁽¹⁾⁽⁴⁾	558	1,245
Mining EBITDA margin ⁽¹⁾⁽⁷⁾	43%	53%
Trading margin	3%	8%
Underlying EBIT – \$m ⁽¹⁾⁽⁴⁾	168	694
Capex – \$m ⁽¹⁾⁽⁴⁾⁽⁸⁾	567	417
Attributable ROCE ⁽¹⁾	2%	8%
Fatalities ⁽⁹⁾	0	1
TRCFR ⁽⁹⁾	3.07	2.48
Energy consumption – million GJ ⁽⁹⁾	4.5	5.8
GHG emissions – Mt CO ₂ equivalent ⁽⁹⁾	0.48	0.56
Total water withdrawals – million m ³ ⁽⁹⁾	21.9	42.6
Employee numbers ⁽⁹⁾	9,000	10,000

⁽¹⁾ Prepared on a consolidated accounting basis, except for production, which is stated on a 100% basis except for the Gahcho Kué joint operation, which is on an attributable 51% basis.

⁽²⁾ Total sales volumes on a 100% basis were 30.9 million carats (2018: 33.7 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⁾ The De Beers realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to De Beers unit costs, which relate to equity production only.

⁽⁴⁾ Results by country can be found in the Summary by Operation on page 217.

⁽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 \$4.0 billion (2018: \$5.4 billion).

⁽⁷⁾ Excludes the impact of third-party sales, purchases and trading.

⁽⁸⁾ In 2018, includes the acquisition of Peregrine Diamonds Limited for a consideration of \$87 million.

⁽⁹⁾ Data is for De Beers' managed operations.

Markets

A range of factors created significant challenges for rough diamond demand in 2019: in late 2018, stock market volatility and US-China trade tensions resulted in lower than expected holiday retail sales, which led to higher than anticipated stock levels in the industry's midstream at the start of 2019. Throughout the course of 2019, the midstream inventory position was under further pressure due to the closure of some US 'bricks and mortar' retail outlets, and an increase in online purchasing (where inventory levels are lower), and retailers increasing their stock held on consignment. Tighter financing also affected the midstream's ability to hold stock, all of which resulted in lower demand for rough diamonds.

In US dollar terms, global consumer demand for diamond jewellery was broadly flat in 2019. This was despite the challenges of increased uncertainty around the economic outlook owing to the continued US-China trade tensions, as well as the impact of the Hong Kong protests and certain macro-economic issues affecting consumer confidence in India.

US consumer demand remained reasonably strong, but growth in local currency terms in China and Japan was offset by the strength of the US dollar, while demand from India and the Gulf declined.

Operational performance

Mining and manufacturing

Rough diamond production decreased by 13% to 30.8 million carats (2018: 35.3 million carats), primarily driven by a reduction in South Africa. While trading conditions have improved somewhat since the third quarter of the year, production was lower in response to softer rough diamond demand conditions compared with 2018.

In Botswana, production was 4% lower at 23.3 million carats (2018: 24.1 million carats). Production at Jwaneng increased by 5% to 12.5 million carats (2018: 11.9 million carats) as throughput rose to partly offset a 12% decrease at Orapa to 10.8 million carats (2018: 12.2 million carats) owing to a delay in an infrastructure project and expected lower grades.

In Namibia, production decreased by 15% to 1.7 million carats (2018: 2.0 million carats). Output from the marine operation declined by 10% owing to routine planned maintenance for the Mafuta vessel. Production at the land operations decreased by 29% to 0.4 million carats (2018: 0.6 million carats) as a result of placing Elizabeth Bay onto care and maintenance in December 2018. In September 2019, the sale of Elizabeth Bay was announced.

In South Africa, production decreased by 59% to 1.9 million carats (2018: 4.7 million carats) as the mining sequence at the Venetia open pit had a higher waste to ore ratio as it moves into its final years, prior to the transition to underground. Production at Voorspoed ceased following the operation being placed onto care and maintenance in the final quarter of 2018.

In Canada, production decreased by 13% to 3.9 million carats (2018: 4.5 million carats) as Victor reached the end of its life during the second quarter of 2019, resulting in a 55% decrease in output to 0.4 million carats (2018: 0.9 million carats). Gahcho Kué maintained output at 3.5 million carats (2018: 3.5 million carats), with a planned grade reduction offset by strong plant performance.

Brands

In 2019, De Beers continued to invest in its downstream brands to support the long term growth of consumer demand for natural diamonds.

De Beers Jewellers continued to upgrade and expand its retail network during 2019, as well as integrating its online and store presence into an improved combined offering.

Forevermark™ continues to grow its presence and sales worldwide. It is now available in around 2,500 retail outlets globally, with the brand being launched in Italy, Austria and Belgium during 2019. Dedicated Forevermark™-only stores are now operating in China, the US and India.

Operational and market outlook

Preliminary data following the holiday retail season in 2019 indicates that stock levels in the industry's midstream are returning to a more balanced position following stable consumer demand, especially in the US. However, risks remain to the downside, with further increases in online purchasing causing additional retailer destocking, developments in US-China trade tensions, the coronavirus which originated in China over Chinese New Year, geo-political escalation in the Middle East and the effect those may have on economic growth and consumer sentiment.

2020 production guidance is 32-34 million carats, subject to trading conditions. The higher production is driven by an expected increase in ore from the final open-pit cut at Venetia, supported by a currently anticipated improvement in trading conditions compared with 2019.

COPPER

Ruben Fernandes
CEO
Base Metals



Aaron Puna
CEO
Anglo American, Chile



Tom McCulley
CEO
Anglo American, Peru



2019 SUMMARY

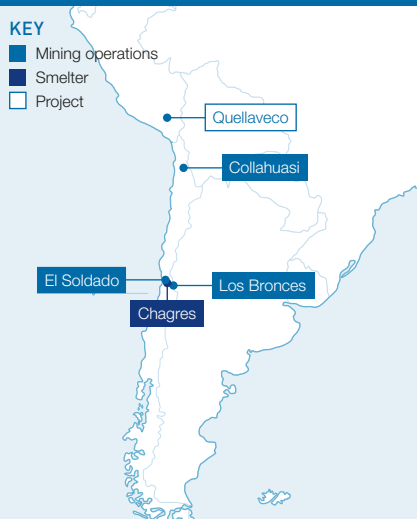
2 Fatalities ⁽¹⁾	1.15 TRCFR – Copper Chile
	0.91 TRCFR – Quellaveco

\$1,618m Underlying EBITDA ⁽¹⁾	44% Mining EBITDA Margin ⁽¹⁾
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638 kt
Production volume

From our three mining operations in Chile, we produce copper, essential to modern living and a 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 Quellaveco, which we are developing in Peru.

CHILE AND PERU



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 Collahuasi mine; we also manage and operate the El Soldado mine and the Chagres smelter (50.1% interest in both).

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

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

⁽¹⁾ Includes Copper Chile and Quellaveco.



Construction of the Hydrofloat™ pilot-scale plant at El Soldado in Chile.

El Soldado – engineering advances in processing technology

During our ‘Concentrating the Mine’ workshops held in 2015 and 2016, we identified coarse particle recovery (CPR) as a key enabling technology. CPR is one of many significant breakthrough technology initiatives that has the potential to increase throughput and productivity, while simultaneously reducing our environmental footprint, through rejection of coarse gangue (near-worthless waste material), dry stacking of sand waste, minimising the production of traditional tailings and reducing overall water consumption.

Following successful testing in the laboratory and at small pilot scale at Los Bronces, we are now constructing a demonstration plant at El Soldado copper mine that uses a CPR technology called Hydrofloat™ in a new way. Here, a single, five metres in diameter Hydrofloat™ cell, the largest in the world, will treat 100% of mill throughput, with the objective of proving the waste rejection process at full scale.

Processing Development Lead, Adrian McDonald, explains: “Coarse particle recovery technology using the Hydrofloat™ is not new; it’s been used in the phosphates and coal industries for many years. The difference with this application of Hydrofloat™ is the way we

handle coarser material prior to conventional flotation, and reject the gangue while it is in sand form.”

Our in-house-developed Fast Implementation of Technology (FIT) process, which forms part of our FutureSmart Mining™ technology pathway, has been instrumental in the development of CPR in treating sulphides. FIT allows us to understand how best we can run parallel processes and models the latest development in mineralogical analyses in order to accelerate their commercial deployment. It leverages the learnings and outcomes of test work in one commodity to develop the application in other commodities.

As Adrian points out, “CPR has the potential to be a breakthrough technology in the processing of sulphides. If we can prove the process at El Soldado, Anglo American will be the first company in the world to deploy CPR successfully to reject coarse gangue on a commercial scale. If that happens, it will change the way the mining industry approaches flotation. I hope that what we’re doing at El Soldado, as early adopters, will enable Anglo American to set new standards for base-metal concentrate processing and to become the industry leaders in dry stacking. That would give us significant competitive advantage.”

COPPER DEMAND BY SECTOR – TOTAL CONSUMPTION

	%
Construction	28
Electrical network	28
Consumer and general	21
Transport	12
Industrial machinery	11

Global total: 29.6 Mt. Includes direct use scrap.

Source: Wood Mackenzie

COPPER DEMAND BY REGION – REFINED CONSUMPTION

	%
China	51
Asia excl. China	16
Europe	15
North America	10
Middle East	3
South America and Caribbean	2
Russia and the Caspian	2
Africa	1

Global total: 23.5 Mt.

Source: Wood Mackenzie

COPPER SUPPLY BY REGION – COPPER IN CONCENTRATE AND LEACH

	%
South America and Caribbean	42
Asia	13
North America	13
Africa	12
Russia and the Caspian	8
Europe	5
Oceania	5
Middle East	2

Global total: 20.9 Mt.

Source: Wood Mackenzie

COPPER CONTINUED

Safety

Copper Chile

Copper Chile reported one recordable fatality in 2019, when Fabio Eyzaguirre Flores lost his life as the result of an electric shock. Ten colleagues also died in two separate after-hours commuting-related road accidents.

The lost-time injury frequency rate increased by 2% to 0.55 (2018: 0.54) and the total recordable case frequency rate increased by 12% to 1.15 (2018: 1.03).

During 2019, Copper Chile launched the 100 Day Safety Action campaign, and the Transportation Taskforce, focusing on the implementation of Operational Risk Management, monitoring and verification of critical controls, and implementing initiatives to prevent repeat incidents.

The actions taken to avoid repeat incidents included: re-certification of all drivers of mobile equipment; the introduction of new controls related to mobile equipment safety; and a review of controls and training. Improvements to several roads and the installation of advanced driver assistance systems for all buses are also in progress.

Quellaveco

Quellaveco recorded one fatality when Cesar Wilinton Estrada Agüero lost his life as the result of a mobile equipment incident.

The lost time incident rate was 0.64 and the total recordable case frequency rate was 0.91.

Environmental performance

Copper Chile

At Copper's Chilean operations, energy use decreased by 8% to 12.3 million GJ (2018: 13.4 million GJ) and GHG emissions decreased by 11% to 1.17 Mt CO₂e (2018: 1.32 Mt CO₂e). In 2019, the business signed agreements to purchase all electricity from renewable sources, which will substantially reduce GHG emissions at all Copper sites in Chile. The world's first floating solar photovoltaic plant over a tailing storage facility pond was piloted at Las Tórtolas. It generates 86 kWhp of solar electricity and minimises evaporation in the pond-covered area. Implementation of P101 shovel initiatives is decoupling productivity from diesel use, with digital technologies highlighting fuel savings in real time.

 **For more information:**
See page 33

2019 RESULTS – COPPER CHILE

	2019	2018
Production volume (kt)	638	668
Sales volume (kt) ⁽¹⁾⁽²⁾	644	672
Unit cost (c/lb) ⁽¹⁾⁽³⁾	126	134
Group revenue – \$m ⁽¹⁾⁽⁴⁾	5,840	5,168
Underlying EBITDA – \$m ⁽¹⁾	1,638	1,888
Mining EBITDA margin ⁽⁵⁾	44%	48%
Underlying EBIT – \$m ⁽¹⁾	981	1,266
Capex – \$m ⁽¹⁾	574	564
Attributable ROCE	24%	31%
Fatalities	1	0
TRCFR	1.15	1.03
Energy consumption – million GJ	12.3	13.4
GHG emissions – Mt CO ₂ equivalent	1.17	1.32
Total water withdrawals – million m ³	21.7	29.5
Employee numbers	4,000	4,000

⁽¹⁾ Results by asset and the consolidated results for Copper can be found in the Summary by Operation on page 217.

⁽²⁾ Excludes 349 kt third-party sales (2018: 178 kt).

⁽³⁾ C1 unit cost includes by-product credits.

⁽⁴⁾ Group revenue is shown after deduction of treatment and refining charges (TC/RCs).

⁽⁵⁾ Excludes impact of third-party sales.

2019 RESULTS – QUELLAVECO

	2019	2018
Capex – \$m ⁽¹⁾	494	131
Fatalities ⁽²⁾	1	n/a
TRCFR ⁽²⁾	0.91	n/a
Energy consumption – million GJ ⁽²⁾	2.0	n/a
GHG emissions – Mt CO ₂ equivalent ⁽²⁾	0.15	n/a
Total water withdrawals – million m ³⁽²⁾	0.6	n/a
Employee numbers ⁽²⁾	300	n/a

⁽¹⁾ Capex represents the Group's 60% share after deducting direct funding from non-controlling interests. 2019 capex on a 100% basis was \$1,338 million, of which \$515 million was funded by cash from the Mitsubishi syndication transaction in 2018. Of the remaining \$823 million, the Group and Mitsubishi funded their respective 60% and 40% shares via shareholder loans.

⁽²⁾ Comparative data for Quellaveco is not presented as the project only reached a full year of development in 2019.

Quellaveco

At Quellaveco, energy consumption was 2.0 million GJ and GHG emissions were 0.15 Mt CO₂e, reflecting the ramp-up of the project.

Financial and operational review

Underlying EBITDA decreased by 13% to \$1,618 million (2018: \$1,856 million), driven by a decrease in the average LME copper price and a 4% reduction in sales volumes. The lower sales reflect a 5% decrease in production, driven by the ongoing severe drought conditions in Chile, mitigated to some extent by productivity improvements, including record copper in concentrate production at Collahuasi. Unit costs decreased by 6%, to 126 c/lb (2018: 134 c/lb), the lowest since 2010, reflecting sustainable cost savings coupled with favourable movements in the Chilean peso, which fully offset the impact of inflation and lower production. At 31 December 2019, 111,213 tonnes of copper were provisionally priced at 273 c/lb (2018: 179,100 tonnes provisionally priced at 271 c/lb).

Markets

	2019	2018
Average market price (c/lb)	272	296
Average realised price (c/lb)	273	283

The differences between the market price and realised price are largely a function of the timing of sales across the period and provisional pricing adjustments.

The average LME cash copper price in 2019 was 8% lower at 272 c/lb (2018: 296 c/lb). Trade tensions between the US and China and measures to restrict shadow lending by the Chinese authorities contributed to slower economic growth in China, adversely affecting key copper-consuming sectors. As a result, investors were risk averse through most of the year and the weaker US dollar/Chinese renminbi exchange rate also put pressure on the copper price. However, a decrease in reported warehouse stocks and stagnant growth in global copper mine supply provided some support.

Operational performance

Total production decreased by 5% to 638,000 tonnes (2018: 668,300 tonnes).

At Los Bronces, production decreased by 9% to 335,000 tonnes (2018: 369,500 tonnes), with planned higher grades (0.83% vs. 2018: 0.76%) offset by production losses owing to lower water availability. Chile's central zone, where the operation is located,

continues to face unprecedented climate conditions, with 2019 being the driest year since the start of the current decade-long drought, and one of the driest years on record. Despite the lower production, C1 unit costs decreased by 7% to 135 c/lb (2018: 145 c/lb), reflecting a series of initiatives to reduce costs.

At Collahuasi, Anglo American's attributable share of copper production increased by 1% to 248,800 tonnes (2018: 246,000 tonnes), another copper in concentrate production record, with planned lower grade (1.19% vs. 2018: 1.29%) fully compensated by a solid plant performance following the successful completion of planned three-month maintenance of Line 3 (responsible for 60% of plant throughput) during the first half of the year. C1 unit costs decreased by 5% to 100 c/lb (2018: 105 c/lb) on the back of strong production performance and lower waste stripping expensed.

The Copper business has continued to progress trials for new technology as part of the FutureSmart Mining™ programme, working towards a more sustainable future for mining. Following a successful bulk ore sorting pilot at El Soldado in Chile, units were constructed and on trial in Brazil at Barro Alto (Nickel), and in South Africa at Mogalakwena (PGMs), with plans to roll out to more sites over the next few years. The focus for early 2020 is the completion of the El Soldado coarse particle recovery demonstration plant.

Production at El Soldado increased by 3% to 54,200 tonnes (2018: 52,700 tonnes) as a result of planned higher grades (0.93% vs. 2018: 0.85%). C1 unit costs were broadly in line with 2018 at 205 c/lb (2018: 206 c/lb).

Operational outlook

Production guidance for 2020 is 620,000-670,000 tonnes, subject to water availability.

Quellaveco update

Project execution is on track at around 40% completion, with all key milestones for 2019 achieved on schedule.

The construction of Vizcachas dam, part of the water source infrastructure located approximately 90 kilometres north east of the plant, is progressing to plan, with water impoundment expected to begin during the rainy season in early 2020. Once built, the Vizcachas reservoir will bring substantial benefits to local agriculture, in addition to providing an annual average of around 20% of the water needed to sustain Quellaveco's operations. Construction of the water pipeline from the water source to the Quellaveco site is a key activity for 2020.

In the mine area, earthworks are significantly progressed and concrete work for the primary crusher has commenced. Preparations are underway for the start of pre-stripping, to remove surface waste material, in the first half of 2020.

At the processing plant area, earthworks are complete, concrete placement is advancing to plan, and structural steel and mechanical equipment installation has commenced. Assembly of the mills is scheduled to start in 2020.

The project remains on track to deliver first production in 2022, within the \$5.0-\$5.3 billion capital expenditure estimate (100% basis; Anglo American share: \$2.5-\$2.7 billion), with ramp-up in 2023. Quellaveco expects to deliver around 300,000 tonnes per annum of copper equivalent production (100% basis) on average in the first 10 years of operation.

In 2019, capital expenditure (100% basis) totalled \$1,338 million, of which \$515 million was funded using the remaining proceeds from the syndication transaction with Mitsubishi in 2018, and hence is not included in reported capital expenditure. Of the remaining \$823 million, the Group and Mitsubishi funded their respective 60% and 40% shares of capital expenditure via shareholder loans. Capital expenditure guidance (100% basis) for 2020 is \$1.5-\$1.7 billion, of which the Group's share is \$0.9-\$1.0 billion.

PLATINUM GROUP METALS (PGMs)

Chris Griffith
CEO
Platinum Group Metals

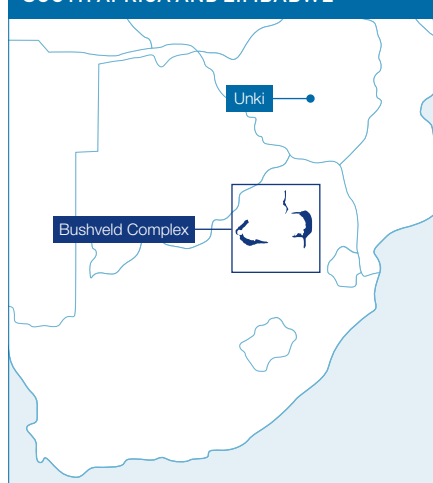


2019 SUMMARY

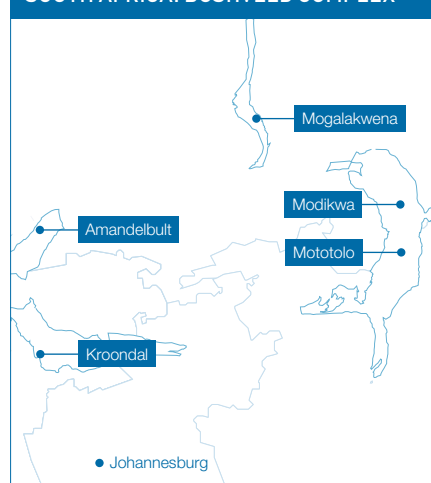
0 Fatalities	2.50 TRCFR
\$2,000m Underlying EBITDA	40% Mining EBITDA Margin
2,051koz Production volume – platinum	
1,386koz Production volume – palladium	

Anglo American is a leading producer of PGMs, essential metals for cleaning vehicle exhaust emissions and as the catalyst in electric fuel cell technology. We own and operate five mining operations in South Africa's Bushveld complex, including Mogalakwena – the world's largest open-pit PGMs mine, Amandelbult and Mototolo, as well as the Unki mine, in Zimbabwe. In South Africa, we also own smelting and refining operations which treat concentrates from our wholly owned mines, our joint venture operations and third parties.

SOUTH AFRICA AND ZIMBABWE



SOUTH AFRICA: BUSHVELD COMPLEX⁽¹⁾



Uses of PGMs

PGMs are used in an extensive range of applications. In the automotive industry, they are in demand through both their use in catalytic converters and in fuel cell vehicle technology. Platinum, palladium and rhodium enable catalytic converters to reduce pollutants from car exhaust gases, and demand for PGMs from the car industry is expected to continue to grow, supported by stricter emissions regulations. Fuel cell electric vehicles provide a zero-emissions powertrain technology, particularly well suited to the heavy duty, long range and fleet vehicle markets.

With rising concerns about the environment and energy costs, there is also growing interest in platinum fuel cells as an alternative energy source. In some cases, platinum-based fuel cells are proving to be more cost-effective, cleaner and more reliable than alternatives such as diesel generators. Fuel cell mini-grid electrification technology is an attractive, cost-competitive alternative to grid electrification in remote rural areas and could accelerate access to electricity.

Platinum is also widely used in jewellery owing to its purity, strength, resistance to fading and ability to hold precious stones securely.

Platinum, palladium and rhodium each have a wide range of other uses in the chemical, electrical, medical, glass and petroleum industries. PGMs enable efficient production of goods, ranging from glass to fertilisers, as well as a diverse range of other products, such as cancer-treatment drugs.

We are committed to developing demand for PGMs and invest both directly and through AP Ventures, our development fund that was spun out in order to grow the funding. 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.

⁽¹⁾ Excludes Twickenham and Bokoni, which were placed onto care and maintenance in 2016 and 2017, respectively.



Anglo American is a co-sponsor of the University of Warwick's research into anti-cancer therapies. The university recently discovered a new compound based on osmium, one of the platinum group metals, which is targeting cancer cells in a new, revolutionary way.

Sponsoring research into PGM use in anti-cancer treatment

For over 50 years, Cisplatin and other related drugs containing PGM compounds have played an important and growing role in anti-cancer therapies. Further clinical trials into Cisplatin have extended its use and it is now probably the most widely used anti-cancer drug.

One of the most important attributes of Cisplatin, and of second and third generation drugs such as Carboplatin, Satraplatin and Picoplatin, is their ability to bind to the body's DNA in a way that achieves an optimal balance of anti-tumour activity and low toxicity. In addition to genito-urinary disease (testicular, ovarian, cervix, and bladder) and head and neck cancer, for which Cisplatin was originally licensed in the late 1960s, it is now one of the drugs used in the chemotherapy of lung cancers, while recent clinical trials using single-agent Cisplatin in the treatment of breast cancer suggest that it may also play a part in the future in the management of this disease.

Until recently, of the six elements that make up the PGM suite of metals, platinum has been the principal contributor to PGM-based anti-cancer compounds. But because the PGM family is exceptionally good when it comes to 'co-ordination chemistry', being able to spawn a growing range of compounds, we are now

seeing other PGMs such as ruthenium featuring in PGM-based compounds used in cancer chemotherapy.

Osmium, for so long the 'Cinderella' of the PGM family because of its very limited range of applications, has now entered the scene. Anglo American is a co-sponsor of the UK's University of Warwick's research into anti-cancer therapies, with the university recently announcing that it has discovered a compound, named Organo-Osmium FY26. This new organo-metal compound enables cancer cells to be seen through nano-imaging, and targeted and killed, from the inside, with Organo-Osmium FY26 attacking the weakest parts of the cells. It is the first time that an osmium-based compound – and osmium is 50 times more active than Cisplatin – has been seen to target the disease in this way.

Head of PGMs market development Benny Oeyen observes, "These are very early days for osmium in the medical field but, clearly, this represents a new market for the metal, and we are keen on developing it further. We are turning osmium from being a product with few uses to one that has the potential to benefit people in very tangible ways, in line with Anglo American's Purpose of re-imagining mining to improve people's lives."

PLATINUM NET DEMAND BY SECTOR

	'000 ounces	%	
Industrial	2,469	40	
Jewellery	1,375	22	
Automotive	1,248	20	
Investment	1,131	18	
Total	6,223		

Source: Johnson Matthey

PALLADIUM NET DEMAND BY SECTOR

	'000 ounces	%	
Automotive	6,706	83	
Industrial	1,310	16	
Jewellery	128	2	
Investment	(58)	(1)	
Total	8,086		

Source: Johnson Matthey

PLATINUM GROUP METALS (PGMs) CONTINUED

Safety

During 2019, PGMs recorded no loss of life incidents at its managed operations – a safety milestone achieved for the first time in the company's history. The total recordable case frequency rate also decreased by 17% to 2.50 (2018: 3.00).

Environmental performance

PGMs' total energy was in line with the prior year at 20.1 million GJ, and GHG emissions increased by 8% to 4.44 Mt CO₂e (2018: 4.12 Mt CO₂e), as the results from Mototolo (acquired in November 2018) and Unki smelter (first year of full production in 2019) were partly offset by a number of energy reduction initiatives implemented across the business.

PGMs' Alternate (renewable) Energy Strategy is progressing, with several projects underway, including: the installation of large-scale solar photovoltaic panels at Mogalakwena; piloting the use of hydrogen fuel cell powered mining haul trucks; and generating electricity from waste heat recovered from the converting process at the Waterval smelter.

Financial and operational review

Underlying EBITDA increased by 88% to \$2,000 million (2018: \$1,062 million), largely as a result of a 27% increase in the dollar basket price, driven primarily by stronger prices for palladium and rhodium, and a solid operational performance.

Markets

The basket price increased by 27% in dollar terms and 38% in South African rand terms. The average platinum price decreased by 2%, recovering well in the second half owing to strong investor demand, following weaker sentiment earlier in the year. In contrast, average palladium and rhodium prices strengthened by 50% and 77% respectively, despite a fall in global light duty vehicle sales, due to strong automotive demand driven by tighter emissions regulations in key markets.

2019 RESULTS

	2019	2018
Platinum production volume (koz) ⁽¹⁾	2,051	2,021
Palladium production volume (koz) ⁽¹⁾	1,386	1,379
Platinum sales volume (koz) ⁽²⁾⁽³⁾	2,215	2,424
Unit cost (\$/Pt oz) ⁽²⁾⁽⁴⁾	1,543	1,561
Group revenue – \$m ⁽²⁾	6,866	5,680
Underlying EBITDA – \$m ⁽²⁾	2,000	1,062
Mining EBITDA margin ⁽⁵⁾	40%	29%
Processing and trading margin	12%	9%
Underlying EBIT – \$m ⁽²⁾	1,672	705
Capex – \$m ⁽²⁾	569	496
Attributable ROCE	38%	15%
Fatalities	0	2
TRCFR	2.50	3.00
Energy consumption – million GJ	20.1	20.0
GHG emissions – Mt CO ₂ equivalent	4.44	4.12
Total water withdrawals – million m ³	25.1	24.4
Employee numbers	31,000	33,000

⁽¹⁾ Own-mined production and purchase of metal in concentrate. Comparative excludes purchase of concentrate volumes now treated under tolling arrangement.

⁽²⁾ Results by asset can be found in the Summary by Operation on page 217.

⁽³⁾ Excludes the sale of refined metal purchased from third parties and toll material. Comparatives include purchase of concentrate volumes now transitioned to tolling.

⁽⁴⁾ Total cash operating costs – includes on-mine, smelting and refining costs only.

⁽⁵⁾ The total PGMs mining EBITDA margin excludes the impact of the sale of refined metal purchased from third parties, purchase of concentrate and tolling.

	2019	2018
Average platinum market price (\$/oz)	864	880
Average palladium market price (\$/oz)	1,539	1,029
Average rhodium market price (\$/oz)	3,914	2,214
US\$ realised basket price (\$/Pt oz) ⁽¹⁾	2,819	2,219
Rand realised basket price (R/Pt oz)	40,862	29,601

⁽¹⁾ Average US\$ realised price. Excludes the impact of the sale of refined metal purchased from third parties.

Operational performance

Total platinum production (metal in concentrate) increased by 1% to 2,050,600 ounces, with total palladium output also improving by 1% to 1,385,900 ounces. This excludes the effect of the transition of Rustenburg material to a tolling arrangement in the year (2018: 464,200 platinum ounces, 231,800 palladium ounces). This result was achieved despite the impact of Eskom power outages on production, which led to a loss of approximately 17,000 platinum ounces and 13,000 palladium ounces.

Own-mined production

Own-mined platinum and palladium production both increased by 4% to 1,378,200 ounces and 1,049,200 ounces respectively. This was largely driven by increased production across the portfolio, as well as the acquisition of the remaining 50% of Mototolo in November 2018.

Mogalakwena's platinum production increased by 5% to 517,500 ounces, and palladium production by 3% to 557,900 ounces, owing to an increase in grade and throughput. Ore stockpiles were drawn down to supplement production, as maintenance was carried out on the North concentrator in the second quarter of 2019, and the rope shovel in the fourth quarter of 2019.

Amandelbult platinum and palladium production both increased by 2% to 453,600 ounces and 208,900 ounces respectively. Infrastructure upgrades, exacerbated by power disruptions in both the first quarter and December, were offset by an increase in mining efficiencies as the ramp-up of Dishaba Lower accelerated in the second half.

Production of both platinum and palladium from other operations increased by 5% to 407,100 and 282,400 ounces respectively. This performance reflected record production levels at Unki and increased volumes from Mototolo, which was wholly owned for the full year (acquisition of the remaining 50% of Mototolo was concluded on 1 November 2018, from which date 100% of production became own-mined production). On a 100% basis, platinum and palladium production decreased at Mototolo by 15% to 112,000 ounces and by 17% to 68,700 ounces respectively, owing to a one-off benefit in 2018 from stockpiled material that was toll-concentrated at Bokoni, a decline in grade, and unprotected industrial action in May 2019.

Joint operation platinum and palladium production (split equally between own-mined and purchase of concentrate), excluding Mototolo, both decreased by 4% to 411,400 ounces and 269,000 ounces respectively, due to safety-related stoppages at Modikwa and Eskom power disruptions affecting production at Kroondal in December 2019.

Purchase of concentrate

Purchase of concentrate, excluding Sibanye material which transitioned to a tolling arrangement from 1 January 2019, decreased by 4% to 672,400 ounces in the case of platinum and by 8% to 336,700 ounces for palladium, reflecting the lower production from joint operations.

Refined production and sales volumes

Refined platinum production (excluding Sibanye toll-treated metal and concentrate purchased from Sibanye) increased by 8% to 2,112,300 ounces, while refined palladium output rose by 12% to 1,428,200 ounces. The improved operational performance was partly offset by the impact of Eskom's power disruptions during the year, including an outage at the Rustenburg refinery in December, which led to a loss of refined platinum production of 69,000 ounces and palladium production of 44,000 ounces, of which around 45,000 platinum ounces and 25,000 palladium ounces should be recovered in refined production in 2020.

Platinum sales volumes increased by 7% to 2,100,300 ounces, while palladium sales increased by 13% to 1,453,500 ounces (excluding concentrate purchased from Sibanye prior to the transition to a tolling agreement and refined metals purchased from third parties). The increase was a result of the higher comparable refined production and some drawdown in refined inventory.

Operational outlook

Metal in concentrate production for 2020 is expected to be 2.0-2.2 million ounces for platinum (of which approximately 65% own-mined) and approximately 1.4 million ounces for palladium (of which approximately 65% own-mined), subject to Eskom's power performance.

IRON ORE

- KUMBA IRON ORE
- IRON ORE BRAZIL

Seamus French
CEO
Bulk Commodities
and Other Minerals



Themba Mkhwanazi
CEO
Kumba Iron Ore



Wilfred Bruijn
CEO
Anglo American, Brazil



2019 SUMMARY – KUMBA

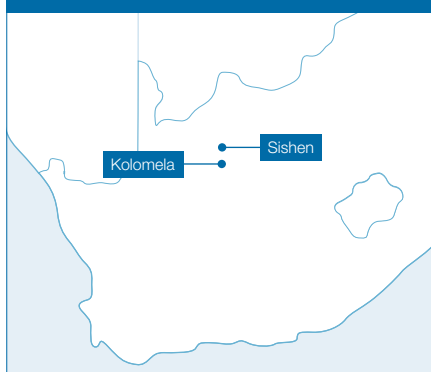
0 Fatalities	2.06 TRCFR
\$2,243m Underlying EBITDA	50% Mining EBITDA Margin
42.4 Mt Production volume	

2019 SUMMARY – IRON ORE BRAZIL (MINAS-RIO)

0 Fatalities	1.48 TRCFR
\$1,164m Underlying EBITDA	50% Mining EBITDA Margin
23.1 Mt Production volume (wet basis)	

Anglo American's iron ore operations provide customers with high grade iron ore products which help our steel customers meet ever-tighter emissions standards. In South Africa, we have a majority share (69.7%) share in Kumba Iron Ore, while in Brazil we have developed the integrated Minas-Rio operation.

SOUTH AFRICA

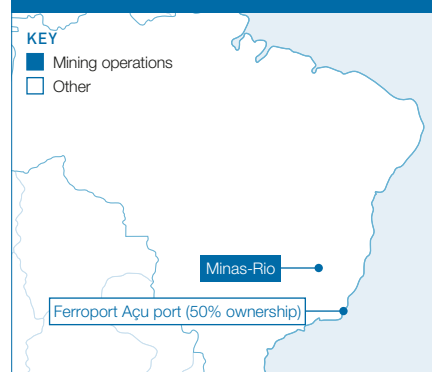


Kumba operates two open-pit mines – Sishen and Kolomela – both located in the Northern Cape of South Africa, producing high grade (64%-65% average Fe content) and high quality lump ore and a premium fine ore. Around 67% of Kumba's production is lump, which commands a premium price, owing to its excellent physical strength and high iron content. Kumba is serviced by an 861-kilometre rail line to the Atlantic coast at Saldanha Bay, the iron ore export channel, 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 and Europe, and now increasingly to the Middle East and India.

Our integrated iron ore operation in Brazil, Minas-Rio, consists of an open-pit mine and beneficiation plant, which produces a high grade (c.67%) pellet feed product, with low levels of contaminants. The iron ore is then transported through a 529-kilometre pipeline to the iron ore handling and shipping facilities at the port of Açú, in which Anglo American has a 50% shareholding.

BRAZIL



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.



Fitment technician George Phirimi inspects the radar sensors, which are fitted front and rear, and cameras for the auto-braking system on a Komatsu 730 haul truck.

Technology steers trucks towards zero harm

According to ICMM statistics, in 2018, haul trucks and other mobile equipment were involved in a third of mining industry fatalities. Through its risk assessment process, Kumba identified reducing the risk of mobile equipment machinery incidents as a priority to enable the elimination of fatalities; therefore, it made sense to focus technological innovation on the application of collision-avoidance technology (CAS) in haul trucks.

This journey began in 2014, when Kumba's Sishen mine started developing an anti-collision system for the mine's trackless mobile equipment. In 2019, all the Sishen mine-owned haul trucks were fitted with the latest CAS. Sishen became the first mine in South Africa to deploy this technology in an opencast mine with a fleet of large haul trucks, each with a capacity of over 200 tonnes, and in an environment where traffic management and segregation form part of the mine's critical controls.

Kumba's success in rolling out CAS is due to the collaboration between Sishen, the truck manufacturer Komatsu, and Hexagon Mining, a proximity-detection system supplier. Together, they were able to adapt the technology to the models of haul trucks in use at Sishen. The technology has the following features: SpeedAssist and RampAssist, which prevent trucks from over-speeding in

designated areas; AssetProtect, which disables reverse functionality when the crusher is in maintenance, and stops hoisting when the haul truck is under a powerline; and LaunchAssist, which prevents the vehicle from moving when a threat is detected in the travel path. The most impressive feature is BrakeAssist, which applies brakes to prevent imminent collisions or incidents with other CAS-fitted vehicles or infrastructure.

Since the system was deployed, BrakeAssist has intervened in several incidents involving trucks at Sishen. Furthermore, as the reporting platform is being rolled out, its reports help management identify and address the causes of unsafe driving behaviour and improve traffic management.

Kumba is now working on rolling out the collision-avoidance systems at its Kolomela mine fleet and to its contractor fleet in order to improve safety and ensure compliance with South African government regulations, which require mining operators to significantly reduce the risk associated with trackless mobile machinery. This requirement is also part of the ICMM Innovation for Cleaner Safer Vehicles Initiative.

Up to now, solutions for increasing vehicle safety in mines have been rare. For Kumba, this has been part of a drive to achieve zero harm, aimed at making the workplace safer for employees.

MINED IRON ORE BY REGION

	Mt	%
Australia	888	38
Brazil	399	17
China	250	11
Europe (incl. CIS)	236	10
India	218	9
North America	120	5
Other	99	4
Africa	91	4
Other South America	31	2
Total	2,332	

Source: Wood Mackenzie

IRON ORE CONSUMPTION BY REGION

	Mt	%
China	1,310	58
Europe (incl. CIS)	285	13
Other Asia	242	11
India	191	9
Middle East	69	3
North America	67	3
South America	53	2
Africa	21	1
Other	6	-
Total	2,244	

Source: Wood Mackenzie

KUMBA IRON ORE

2019 RESULTS – KUMBA IRON ORE⁽¹⁾

	2019	2018
Production volume (Mt)	42.4	43.1
Sales volume (Mt)	42.0	43.3
Unit cost (\$/t) ⁽²⁾	33	32
Group revenue – \$m	4,445	3,440
Underlying EBITDA – \$m ⁽³⁾	2,243	1,489
Mining EBITDA margin	50%	43%
Underlying EBIT – \$m ⁽³⁾	1,918	1,158
Capex – \$m	389	309
Attributable ROCE	70%	42%
Fatalities	0	0
TRCFR	2.06	1.80
Energy consumption – million GJ	8.8	8.9
GHG emissions – Mt CO ₂ equivalent	1.00	0.96
Total water withdrawals – million m ³	33.3	32.2
Employee numbers	6,000	6,000

⁽¹⁾ Sales volume, stock and realised price for 2019 differ to Kumba's stand-alone reported results due to sales to other Group companies.

⁽²⁾ Unit costs are on an FOB (dry) basis.

⁽³⁾ Kumba Iron Ore segment includes \$66 million projects and corporate costs (2018: \$55 million).

Safety

Kumba has not had a loss of life incident since 2016. In 2019, the lost-time injury frequency rate decreased by 25% to 0.69 (2018: 0.92); however, the total recordable case frequency rate increased by 14% to 2.06 (2018: 1.80).

Kumba's safety improvement plan is focused on the Group's *Elimination of Fatalities* programme, with enhancements achieved in strengthening critical-control management, and in leveraging technology solutions to further improve safety performance. In addition, to address the cultural and behavioural aspects of safety, Kumba launched 'I Care Buddy', which empowers workers to take action and proactively stop unsafe activities.

Environmental performance

Energy use decreased by 1% to 8.8 million GJ (2018: 8.9 million GJ) and GHG emissions increased by 4% to 1.00 Mt CO₂e (2018: 0.96 Mt CO₂e). Current energy efficiency and GHG emission reduction projects include the Kolomela Drill Performance Improvement project and the Sishen Primary Haul Road Improvement project.

Financial and operational review

Underlying EBITDA increased by 51% to \$2,243 million (2018: \$1,489 million), driven by a 35% increase in the average realised iron ore price to \$97/tonne (2018: \$72/tonne). FOB unit costs increased marginally to \$33/tonne (2018: \$32/tonne) primarily due to higher maintenance costs and mining in a more geologically challenging area of the mine. These factors were partly offset by the weaker South African rand, operational efficiency improvements and cost savings.

Total sales volumes decreased by 3% to 42.0 Mt (2018: 43.3 Mt) due to lower domestic sales of 2.2 Mt (2018: 3.3 Mt) following the winding down of the Saldanha Steel plant. Export sales of 39.8 Mt (2018: 40.0 Mt) were marginally lower due to the scheduled refurbishment of the second ship loader at Saldanha port. Consequently, total finished stock increased to 6.6 Mt⁽¹⁾ (2018: 5.3 Mt). Rail performance improved significantly in 2019, with port stock levels well set for the first quarter of 2020.

Markets

Kumba's outperformance over the IODEX (Platts) 62% Fe CFR China index was primarily due to the higher iron content at 64.2% and the relatively high proportion (approximately 67%) of lump in its product portfolio.

Minas-Rio's pellet feed product is also higher grade (higher iron content of 67% and lower gangue) than the reference product used for the IODEX 62% Fe CFR China index. The Metal Bulletin (MB) 66 index, therefore, is used when referring to Minas-Rio product.

	2019	2018
Average market price (IODEX 62% Fe CFR China – \$/tonne)	93	69
Average market price (MB 66% Fe Concentrate CFR – \$/tonne)	104	95
Average realised price (Kumba export – \$/tonne) (FOB Saldanha)	97	72
Average realised price (Minas-Rio – \$/tonne) (FOB wet basis)	79	70

Operational performance

Total production decreased by 2% to 42.4 Mt (2018: 43.1 Mt), driven by a 5% decrease at Kolomela to 13.2 Mt (2018: 13.9 Mt) as a result of the infrastructure upgrade of the DMS plant. Production volumes at Sishen were flat at 29.2 Mt, with improved plant performance in the second half of the year compensating for the operational challenges earlier in the year.

Sishen's waste stripping decreased marginally to 181 Mt (2018: 182 Mt), while Kolomela's waste stripping increased by 13% to 63 Mt (2018: 56 Mt). Progress continues to be made towards P101 benchmark efficiency, with Kumba's operating efficiency increasing to 68% (2018: 65%). The efficiency improvement projects included improving truck efficiency and payloads, payload management and smart roads.

Operational outlook

Kumba's production guidance for 2020 is 41.5–42.5 Mt.

MINAS-RIO

2019 RESULTS – MINAS-RIO

	2019	2018
Production volume (Mt) ⁽¹⁾	23.1	3.4
Sales volume (Mt)	22.9	3.2
Unit cost (\$/t) ⁽²⁾	21	–
Group revenue – \$m	2,313	328
Underlying EBITDA – \$m ⁽³⁾	1,164	(312)
Mining EBITDA margin	50%	–
Underlying EBIT – \$m ⁽³⁾	1,034	(411)
Capex – \$m	205	106
Attributable ROCE	20%	(9)%
Fatalities	0	0
TRCFR	1.48	2.14
Energy consumption – million GJ	5.1	1.8
GHG emissions – Mt CO ₂ equivalent	0.20	0.09
Total water withdrawals – million m ³	28.8	28.3
Employee numbers	3,000	2,000

⁽¹⁾ Production is Mt (wet basis).

⁽²⁾ Unit costs are on an FOB (wet) basis and were not disclosed for 2018, due to the suspension of operations.

⁽³⁾ Iron Ore Brazil segment includes \$55 million projects and corporate costs (2018: \$40 million).

Safety

Minas-Rio has not had a fatal incident since 2015. In 2019, the lost-time injury frequency rate decreased by 10% to 0.85 (2018: 0.94) and the total recordable case frequency rate decreased by 31% to 1.48 (2018: 2.14).

Minas-Rio continued to implement its safety plan throughout the year, which is aligned to the Group's *Elimination of Fatalities* programme. The actions implemented address behavioural change and include increasing leadership presence in the field and improving contractor management.

Environmental performance

Minas-Rio's energy use and GHG emissions have increased year-on-year, owing to the restart of operations in December 2018.

Energy use increased by 183% to 5.1 million GJ (2018: 1.8 million GJ) and GHG emissions increased by 122% to 0.20 Mt CO₂e (2018: 0.09 Mt CO₂e).

Financial and operational review

Minas-Rio recorded an underlying EBITDA of \$1,164 million (2018: \$312 million loss), reflecting the solid ramp-up following approval to restart the operation in December 2018, as well as cost efficiencies and strong price realisation. Unit costs of \$21/tonne, lower than the original guidance of \$28-\$31/tonne, were driven by the higher production, P101 initiatives to improve productivity, and lower energy and consumables prices.

Operational performance

Production of 23.1 Mt (2018: 3.4 Mt) was driven by strong operational performance, reflecting the optimisation work undertaken during 2018 while operations were suspended, the impact of P101 productivity initiatives and access to the Step 3 mining area higher grade ore. The construction of the scheduled tailings dam raise was completed in August 2019, and approval for the conversion of the installation licence to an operating licence was granted in December 2019.

Operational outlook

Production guidance for 2020 is 22-24 Mt, which allows for a one-month production stoppage in the second quarter to carry out routine internal scanning of the pipeline.

COAL

- METALLURGICAL COAL
- THERMAL COAL

Seamus French
CEO
Bulk Commodities
and Other Minerals



Tyler Mitchelson
CEO
Metallurgical Coal



July Ndlovu
CEO
Coal South Africa



2019 SUMMARY – METALLURGICAL COAL

1	6.20
Fatality	TRCFR
\$1,707m	45%
Underlying EBITDA	Mining EBITDA Margin

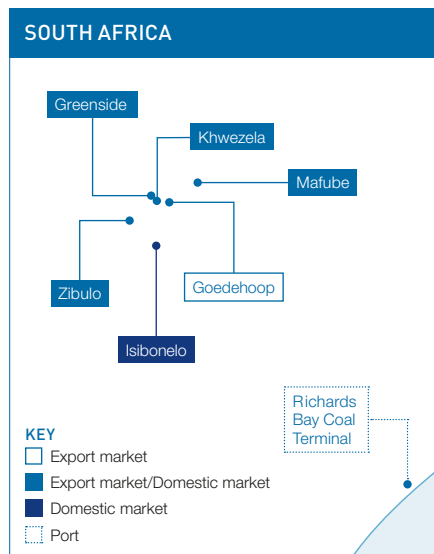
22.9 Mt
Production volume

2019 SUMMARY – THERMAL COAL SOUTH AFRICA

1	1.56
Fatality	TRCFR
\$(5)m	(3)%
Underlying EBITDA	Mining EBITDA Margin

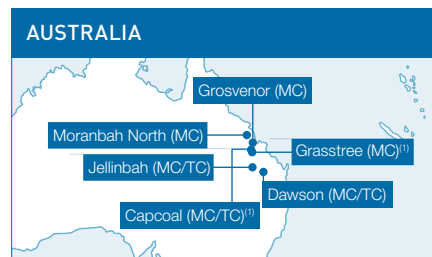
17.8 Mt
Export production volume

Our high quality assets provide a reliable supply of niche products our wide range of customers need, in both metallurgical coal (for steelmaking) and thermal coal (for electricity generation). Our coal portfolio is geographically diverse, with metallurgical coal assets in Australia, and thermal coal assets in South Africa and Colombia.



We are the world's third largest exporter of metallurgical coal and our operations serve customers throughout Asia, Europe and South America. Our tier one assets include the Moranbah North (88% ownership) and Grosvenor (100% ownership) metallurgical coal mines, both located in Queensland, Australia. In 2019, Anglo American entered into a transaction, expected to complete in 2020, to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor through the sale of 12% in Grosvenor mine to the minority shareholders in Moranbah North.

We have reduced our South African thermal coal portfolio to concentrate on export markets, supplying around 19 Mt of thermal coal a year to our customers in Europe and Asia. Our South African export product is derived from three wholly owned and operated mines – Goedeheop, Greenside and Khwezela; Zibulo (73% owned); as well as from Mafube colliery, a 50:50 joint operation. These mines operate in the first quartile of the seaborne cost curve and produce high quality thermal coal. We also produce around 10 Mt a year of thermal coal for sale to the domestic market.



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

Uses of coal

Metallurgical coal is an essential ingredient in blast-furnace steel production, being used for its mechanical, chemical and energy properties.

Around 70% of global steel output is produced using this method. Emerging markets, particularly in the Asia-Pacific region, continue to drive demand for metallurgical coal – helping to generate the steel needed for infrastructure, housing, transport and machinery.

Thermal coal is the heat source for around 40% of all electricity generated globally today. India and China's reliance on thermal coal is expected to drive demand in absolute terms in the near term. However, fossil fuels are being increasingly contested by society and a responsible transition away from their use is necessary to achieve the Paris Agreement on Climate Change.

⁽¹⁾ Part of the Capcoal complex.



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 commercial substitutes for metallurgical coal in the steelmaking process.

METALLURGICAL COAL CONSUMPTION BY REGION

	Mt	%	
China	767	67	
Other Asia	190	17	
Europe (incl. CSI)	134	12	
North America	24	2	
South America	19	2	
Africa	5	–	
Other	7	–	
Total	1,146		

Source: CRU

METALLURGICAL COAL PRODUCTION BY REGION

	Mt	%	
China	697	61	
Australia	188	16	
Europe (incl. CIS)	104	9	
North America	99	9	
Other Asia	43	3	
Other	9	1	
Africa	8	1	
Total	1,148		

Source: CRU

THERMAL COAL CONSUMPTION BY REGION

	Mt	%	
China	3,319	52	
Other Asia	1,527	24	
Europe (incl. CIS)	677	11	
North America	583	9	
Africa	195	3	
Other	70	1	
South America	42	–	
Total	6,413		

Source: CRU

THERMAL COAL PRODUCTION BY REGION

	Mt	%	
China	3,136	48	
Other Asia	1,373	21	
Europe (incl. CIS)	776	12	
North America	605	9	
Africa	276	5	
Australia	271	4	
Other	89	1	
Total	6,526		

Source: CRU

METALLURGICAL COAL

Safety

Metallurgical Coal suffered one loss of life during 2019, when Bradley Hardwick lost his life in a mobile equipment related incident at Moranbah North mine in Queensland. The lost-time injury frequency rate decreased by 41% to 4.32 (2018: 7.33), and the total recordable case frequency rate decreased by 31% to 6.20 (2018: 9.04).

The business safety improvement plan is focused on *Elimination of Fatalities*. Improvements have been made in operational risk management and critical control management, as well as operational planning and cultural and behavioural change.

Environmental performance

Energy use and GHG emissions have increased year-on-year, primarily due to higher levels of methane gas in the coal seams. Energy use increased by 12% to 10.1 million GJ (2018: 9.0 million GJ) and GHG emissions by 19% to 8.17 Mt CO₂e (2018: 6.85 Mt CO₂e).

In 2019, over half of Metallurgical Coal's total GHG emissions were offset by abatement projects, primarily through the sale of methane-rich gas for power generation. A significant technical challenge is to reduce emissions from low concentration methane in ventilation air within our underground operations. As there is currently no proven ventilated air methane mitigation technology in use in Australia, Anglo American is actively supporting research with the Australian Coal Industry's Research Program and the Australian Coal Association Low Emissions Technology Limited research fund to trial safe mitigation technology.

Financial and operational review

Underlying EBITDA decreased by 21% to \$1,707 million (2018: \$2,158 million), with a 2% increase in sales volumes and a 2% decrease in US dollar unit costs to \$63/tonne (2018: \$64/tonne), being offset by a 13% reduction in the realised price for metallurgical coal.

Markets

	2019	2018
Average benchmark price hard coking coal (\$/tonne) ⁽¹⁾	177	207
Average benchmark price PCI (\$/tonne) ⁽¹⁾	110	136
Average realised price for premium low-volatile hard coking coal (\$/tonne)	171	194
Average realised price for PCI (\$/tonne)	110	128

⁽¹⁾ Represents average spot prices.

Average realised prices differ from the average market price owing to differences in material grade and timing of contracts.

Market prices decreased in line with demand through the second half of the year. Demand was affected by increasingly stringent coal import policies at ports in China and a slowdown in the Indian economy, as well as lower production at east Asian steel mills in response to weaker steel margins.

Operational performance

Production increased by 5% to 22.9 Mt (2018: 21.8 Mt), owing to a 1.0 Mt production increase at Grosvenor and operational improvements leading to a 10% increase in wash plant throughput, partially offset by the impact of an extended longwall move at Moranbah. In addition, there was a strong performance at Dawson where P101 productivity improvements drove an increase in shovel and dragline performance.

Operational outlook

Export metallurgical coal production guidance for 2020 has been revised to 19-21 Mt (previously 21-23 Mt), with unit costs of around \$70/tonne (previously around \$65/tonne) following a roof collapse at Moranbah North on 30 January 2020. The sale of a 12% interest in the Grosvenor mine is expected to complete in 2020, equalising the ownership across Moranbah-Grosvenor, which is reflected in the guidance.

2019 RESULTS – METALLURGICAL COAL

	2019	2018
Production volume (Mt) ⁽¹⁾	22.9	21.8
Sales volume (Mt) ⁽²⁾	22.4	22.0
Price (\$/t) ⁽³⁾	165	190
Unit cost (\$/t) ⁽⁴⁾	63	64
Group revenue – \$m	3,756	4,231
Underlying EBITDA – \$m ⁽⁵⁾	1,707	2,158
Mining EBITDA margin	45%	51%
Underlying EBIT – \$m ⁽⁵⁾	1,079	1,722
Capex – \$m	670	574
Attributable ROCE	39%	80%
Fatalities	1	0
TRCFR	6.20	9.04
Energy consumption – million GJ	10.1	9.0
GHG emissions – Mt CO ₂ equivalent	8.17	6.85
Total water withdrawals – million m ³	18.2	23.4
Employee numbers	2,000	2,000

⁽¹⁾ Production volumes are saleable tonnes and exclude thermal coal production of 1.4 Mt (2018: 1.4 Mt).

⁽²⁾ Sales volumes exclude thermal coal sales of 1.8 Mt (2018: 1.6 Mt).

⁽³⁾ Realised price is the weighted average hard coking coal and PCI sales price achieved.

⁽⁴⁾ FOB cost per saleable tonne, excluding royalties and study costs.

⁽⁵⁾ Metallurgical Coal segment includes \$69 million projects and corporate costs (2018: \$52 million).



Using a model of a continuous miner, Grasree mine longwall maintenance supervisor Steven Henderson (right) points out to Group finance director Stephen Pearce some of the features of the mine's dust-suppression system.

Breathing easier – solving the problem of respirable coal dust

Coal workers' pneumoconiosis is a potentially life-threatening disease caused by the fraction of total inhalable dust that is not deposited in the respiratory tract managing to penetrate the lungs.

Metallurgical Coal's Grasree Development and Engineering Team recognised that a new preventative approach was required to reduce respirable dust throughout the underground development process.

Focusing on the continuous miner, as this generates the most amount of coal dust in a development panel, the basic principle of Grasree's dust-suppression solution was to implement engineering controls that isolate workers from the source of dust; thereby forming a safe working area during the production sequence. This led to a dust-suppression system involving the revolutionary application of biodegradable foam to different points of the machine.

The initial design challenge was in fitting all components into the continuous miner's limited space. This was resolved by refining the circuit and redesigning all valves into one manifold block and one mixing chamber.

Then, following further testing, the first component board design was refined to consist of a foam board unit and stand-alone tank. The operation also needed to reduce the time needed for maintenance downtime; by improving access to components and

eliminating pipework, downtime was reduced from an initial two to three hours a week to five minutes.

The continuous miner's dust-suppression system incorporates an integrated curtain spray on the machine's shovel and an enviro-mist high-pressure spray system that eliminates respirable dust between 2.5 and 20 microns. Foam is dispensed through the continuous miner and, as the machine moves forward, the dust particles are coated with foam. The particles are agglomerated before being transported along a conveyor system out of the mine, also reducing dust at belt-transfer points.

This system is substantially reducing the health risks associated with underground mining, with a 96% reduction in respirable-dust exposure to development coal mine workers, making it a safer and healthier working environment.

The team has now applied the biodegradable foam to other equipment and machinery at other phases of the mining process, such as the breaker feeder at all belt-transfer points. The system has been fitted to Grasree's entire continuous miner fleet and is being applied in the development phases at our Grosvenor mine and Aquila project. We are also looking to replicate this solution at our other underground coal mines.

The importance of this innovation has been recognised by the wider industry, with the team receiving the coveted Innovation award at the Queensland Mining Industry Health and Safety Conference in 2018.

THERMAL COAL

Safety – South Africa

Thermal Coal – South Africa recorded one fatality when Januarie Mokoena lost his life in an underground fall of ground incident, at Zibulo colliery. The lost-time injury frequency rate decreased, however, by 12% to 0.80 (2018: 0.91) and the total recordable case frequency rate decreased by 17% to 1.56 (2018: 1.87).

Thermal Coal – South Africa is committed to the *Elimination of Fatalities* programme, based on three main pillars: getting the basics right; integrating safety into the planning and execution of work; and achieving cultural change. Critical controls are continually assessed for effectiveness and strengthened through the implementation of technology solutions. The analysis of leading indicators, coupled to effective work planning, drives continual improvement and is designed to prevent incidents.

Environmental performance – South Africa

Thermal Coal – South Africa's total energy use decreased by 15% to 3.5 million GJ (2018: 4.1 million GJ), and GHG emissions decreased by 10% to 0.90 Mt CO₂e (2018: 1.00 Mt CO₂e).

The ECO₂MAN programme continues to evaluate projects for energy and GHG emissions savings, with opportunity assessment reports to improve diesel energy efficiencies expected in early 2020. Advanced Process Control has delivered a 3.5% energy efficiency benefit at Greenside and is expected to deliver more savings across the business in 2020 as roll-out progresses. Opportunities related to the passive treatment of mine-affected water, and related circular economy projects, continue to be reviewed.

Financial and operational review – South Africa

Underlying EBITDA fell to a \$5 million loss (2018: \$650 million profit), driven by a 30% decrease in the realised export thermal coal price and marginally lower export sales volumes at 18.1 Mt (2018: 18.3 Mt). Unit costs were in line with the prior year at \$45/tonne (2018: \$44/tonne) as productivity improvements, cost savings and the favourable impact of the weaker South African rand offset the effects of inflation and lower production volumes.

Revenue for thermal coal includes amounts earned from the sale of volumes purchased from third parties (non-equity traded sales) that were not mined by the Group. Excluding these volumes, revenue from the mining of thermal coal (including thermal coal volumes

from South Africa, Colombia and the Metallurgical Coal business) is \$1,783 million (or 6% of the Group's revenue).

Markets

	2019	2018
Average market price (\$/tonne, FOB South Africa)	72	98
Average market price (\$/tonne, FOB Colombia)	54	85
Average realised price – Export South Africa (\$/tonne, FOB)	61	87
Average realised price – Domestic South Africa (\$/tonne)	14	19
Average realised price – Colombia (\$/tonne, FOB)	56	83

The average realised price for export thermal coal differs from the average market price owing to timing differences and quality discounts relative to the industry benchmark.

Thermal coal prices fell sharply as lower gas and higher carbon prices encouraged a switch from coal to gas-generated power in Europe. Indian imports, however, remained strong, supported by local steelmaking demand. Delays to customs clearances at Chinese ports and various restrictions in Korea and Taiwan kept pressure on Pacific pricing towards the end of the year.

Operational performance – South Africa

Export production decreased by 3% to 17.8 Mt (2018: 18.4 Mt) mainly due to mine sections reaching their end of life at Khwezela and Goedehoop.

2019 RESULTS – THERMAL COAL SOUTH AFRICA

	2019	2018
Export production volume (Mt) ⁽¹⁾	17.8	18.4
Export sales volume (Mt) ⁽²⁾	18.1	18.3
Unit cost (\$/t) ⁽³⁾	45	44
Group revenue – \$m	1,887	2,719
Underlying EBITDA – \$m ⁽⁴⁾	(5)	650
Mining EBITDA margin ⁽⁵⁾	(3)%	34%
Underlying EBIT – \$m ⁽⁴⁾	(94)	521
Capex – \$m	264	148
Attributable ROCE	(19)%	68%
Fatalities	1	2
TRCFR	1.56	1.87
Energy consumption – million GJ	3.5	4.1
GHG emissions – Mt CO ₂ equivalent	0.90	1.00
Total water withdrawals – million m ³	52.8	38.1
Employee numbers	5,000	5,000

⁽¹⁾ Production volumes are saleable tonnes. South African production volumes include export primary production, secondary production sold into export markets, production sold domestically at export parity pricing and pre-commercial production volumes from Navigation section of Khwezela and excludes other domestic production of 10.0 Mt (2018: 13.7 Mt). Included in other domestic production in 2018 is 2.8 Mt from the Eskom-tied operations, which were sold on 1 March 2018.

⁽²⁾ South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and pre-commercial production volumes from Navigation section of Khwezela and exclude domestic sales of 9.8 Mt (2018: 13.1 Mt) and non-equity traded sales of 10.9 Mt (2018: 9.5 Mt). Included in 2018 is domestic sales of 2.8 Mt from the Eskom-tied operations, which were sold on 1 March 2018.

⁽³⁾ FOB cost per saleable tonne, excluding royalties, for the trade operations.

⁽⁴⁾ Thermal Coal – South Africa segment includes \$59 million projects and corporate costs (2018: \$45 million).

⁽⁵⁾ Excludes impact of third-party sales and, in 2018, Eskom-tied operations.

2019 RESULTS – THERMAL COAL COLOMBIA⁽¹⁾

	2019	2018
Production volume (Mt) ⁽²⁾	8.6	10.2
Sales volume (Mt)	8.8	10.1
Unit cost (\$/t) ⁽³⁾	33	36
Group revenue – \$m	494	838
Underlying EBITDA – \$m	130	388
Mining EBITDA margin	26%	46%
Underlying EBIT – \$m	25	295
Attributable ROCE	4%	35%

⁽¹⁾ Represents the Group's attributable share from its 33.3% interest in Cerrejón.

⁽²⁾ Production volumes are saleable tonnes.

⁽³⁾ FOB cost per saleable tonne, excluding royalties.

Financial and operational review – Colombia

Underlying EBITDA decreased by 66% to \$130 million (2018: \$388 million), reflecting a 33% decrease in average realised price and a 13% reduction in sales volumes as a result of weaker market demand, as well as dust restrictions in the first half of the year. In response to the lower demand, Cerrejón reduced unit costs by 8% to \$33/tonne through optimisation of the mine plan to exclude higher cost volumes that were not economic at current prices.

Operational performance – Colombia

Anglo American's attributable production from its 33.3% ownership of Cerrejón decreased by 16% to 8.6 Mt (2018: 10.2 Mt) in response to dust restrictions in the first half and a reduction in market demand in the second half of 2019.

Operational outlook – export thermal coal

Export thermal coal production guidance for 2020 is around 26 Mt.

THERMAL COAL CONTINUED



▼ Featured are some of the 60 people from the Greenside colliery local community who have been trained, and qualified, to operate various kinds of mining machinery.

Beyond the mine gates – boosting the community's life-chances

Our Thermal Coal business unit in South Africa is busy with several community outreach initiatives. They include:

- A groundbreaking community scholarship scheme, launched in 2014, that has enabled 105 talented students from disadvantaged backgrounds to graduate from university and pursue extraordinarily bright futures
- Mafube colliery's action plan for young people, including many with learning disabilities, to put their practical skills to use in the hospitality industry
- Isibonelo colliery's intervention in education to provide supplementary classes in critical subjects, which has led to a significant number of participants receiving bursaries from a range of corporate players.

At Greenside colliery, the first phase of an operator-training initiative, launched in November 2018, has already resulted in 60 job-seekers being trained in the operation of capital equipment, and 20 more youths undergoing instruction for their driver's licences, while a further 120 job-seekers had benefited from being trained as machine operators by the end of 2019.

The first 60 candidates have the option to be trained on three of the five operating machines: excavators, articulated dump trucks, tracked dozers, graders, and front-end loaders. Instruction is delivered by the fully accredited Smart Institute of Mines and comprises two weeks of theoretical and practical training. For the next intake, we used a local supplier, Progressive Training, which

is also accredited and participates with the Mining Qualifications Authority.

Practical, industry-relevant skills such as operator training are much sought-after in the Mpumalanga coal-mining region and have been selected specifically to boost participants' chances of securing meaningful employment. Greenside's community development superintendent Linda Dlodlu takes up the story: "The mine's ongoing stakeholder engagement initiatives have clearly demonstrated that skills development is an over-riding priority if our local youths are to get decent jobs. They have continually asked for training in practical skills that will enable them to access local employment opportunities or provide them with the ability to set up their own sustainable businesses."

Candidates are drawn from a pool of local community members who have applied, unsuccessfully, for jobs at Greenside.

"Unfortunately, we have a limited number of positions available at Greenside, so it's encouraging that over 20 trainees have already been employed by Greenside, its contractors and other mining houses around the area", says Linda.

Greenside HR manager, Sihle Nkomo, observes, "This initiative is a catalyst in making a difference to people's lives both in and around the mine. It is an essential element in helping to equip young people with a skillset required for the future. Furthermore, it is designed to give job-seekers more agility in seeking formal employment, becoming service providers, contractors, or joining the entrepreneurial stream. It's exciting to be part of this initiative to re-imagine mining."

NICKEL AND MANGANESE

Seamus French
CEO
Bulk Commodities
and Other Minerals



Wilfred Bruijn
CEO
Anglo American, Brazil



2019 SUMMARY – NICKEL

0
Fatalities

2.75
TRCFR

\$191m
Underlying
EBITDA

33%
Mining EBITDA
Margin

42.6 kt

Production volume

2019 SUMMARY – MANGANESE

\$443m
Underlying
EBITDA

48%
Mining EBITDA
Margin

3.7 Mt

Production volume – ore and alloys

The Nickel and Manganese operations both provide ingredients for stainless and alloy steels. They are located in Brazil (Nickel), as well as South Africa and Australia (Manganese).

BRAZIL – NICKEL



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

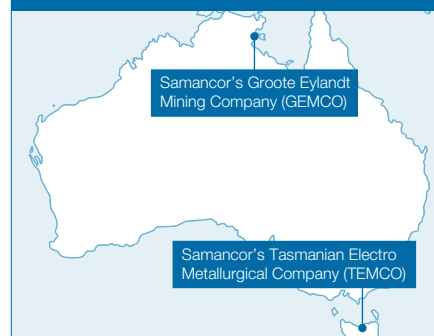
In Manganese, we have a 40% shareholding in Samancor joint venture (managed by South32, which holds 60%).

Uses of nickel and manganese

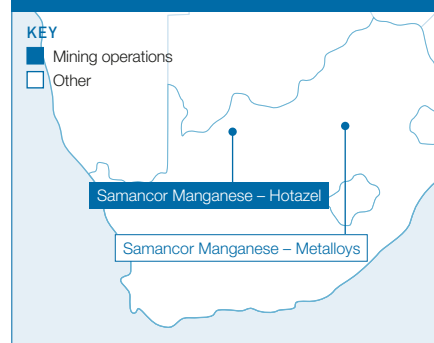
The stainless steel industry uses two-thirds of the world's nickel production and virtually all ferronickel produced each year. The balance is used mainly in the manufacture of alloy steel and other non-ferrous alloys.

Stainless steel is a key input in high-tech construction, and most stainless steels contain about 8%-10% nickel. As an alloying element, nickel enhances important properties of stainless steel such as formability, weldability and ductility, while increasing corrosion resistance in certain applications.

AUSTRALIA – MANGANESE



SOUTH AFRICA – MANGANESE



Nickel is also used to make other alloys with special properties. Corrosion-resistant alloys are used in chemical plants, while 'super-alloys' withstand extreme temperatures and are used in aviation. Nickel is also used in electronics and as a substrate for chromium plating.

The most significant of all the industrial uses of manganese is also steel production, which consumes more than 85% of all manganese mined. The ore is particularly useful in increasing steel's resistance to oxidation; it can also improve the overall strength, durability and workability of the material.

NICKEL AND MANGANESE CONTINUED

NICKEL SUPPLY BY REGION

	%	
Asia	51	
Oceania	17	
South America and Caribbean	9	
North America	8	
Russia	8	
Africa	4	
Europe	3	

Global total: 2.5 Mt

Source: Wood Mackenzie

GLOBAL PRIMARY NICKEL DEMAND BY SECTOR

	%	
Stainless steel	68	
Non-ferrous alloys	9	
EV batteries and energy storage	6	
Plating	6	
Alloy steel	4	
Other	4	
Foundry	3	

Global total: 2.4 Mt

Source: Wood Mackenzie



Since the rebuilding of its two furnaces was completed in 2015, Barro Alto's plant has operated well, maintaining nameplate capacity of 36,000 tonnes of nickel contained in ferronickel per year. Moreover, the fundamental outlook for nickel appears to be robust. Among the major mined commodities, the metal has a very attractive demand outlook, driven by a step-change in electric vehicle demand and resilient demand for later-cycle stainless and specialist steels.

NICKEL

Safety

The Nickel business has not had a fatal incident since 2012. In 2019, however, the lost-time injury frequency rate increased by 7% to 1.45 (2018: 1.35), though the total recordable case frequency rate decreased by 9% to 2.75 (2018: 3.03).

During 2019, Nickel undertook an overhaul of operational risk management, including a review of critical controls, with a focus on high risk activities, the prevention of repeat incidents, implementation of Technology for Safety solutions, and improving the business unit's safety culture.

Environmental performance

Energy use increased by 1% to 20.2 million GJ (2018: 20.0 million GJ) and GHG emissions increased by 2% to 1.23 Mt CO₂e (2018: 1.21 Mt CO₂e).

At Barro Alto, a more reactive coal was tested in the rotary kilns to enhance performance. As a result, the stability of the electric furnaces improved and energy use decreased by 3%, saving almost 36,000 tonnes of CO₂e. An initiative to reduce oil consumption through improved stabilisation in the coal pulverisation plant saved almost 65,000 tonnes of CO₂e over 2018 and 2019.

Financial and operational review

Underlying EBITDA increased by 6% to \$191 million (2018: \$181 million), benefiting from improved operational stability and a 6% higher realised price, partly offset by a 3% decrease in sales volumes and higher unit costs.

Unit costs increased by 5% to 380 c/lb (2018: 361 c/lb), driven mainly by a rise in the consumption of coal as a reductant due to higher iron content in ore, the impact of higher consumable prices, and new local legislation that increased freight costs.

2019 RESULTS – NICKEL

	2019	2018
Production volume (t)	42,600	42,300
Sales volume (t)	41,700	43,100
Unit cost (c/lb) ⁽¹⁾	380	361
Group revenue – \$m	572	560
Underlying EBITDA – \$m ⁽²⁾	191	181
Mining EBITDA margin	33%	32%
Underlying EBIT – \$m ⁽²⁾	89	75
Capex – \$m	42	38
Attributable ROCE	4%	4%
Fatalities	0	0
TRCFR	2.75	3.03
Energy consumption – million GJ	20.2	20.0
GHG emissions – Mt CO ₂ equivalent	1.23	1.21
Total water withdrawals – million m ³	6.3	8.0
Employee numbers	1,000	1,000

⁽¹⁾ C1 unit cost.

⁽²⁾ Includes \$12 million of projects and corporate costs (2018: \$8 million).

Markets

	2019	2018
Average market price (c/lb)	632	595
Average realised price (c/lb)	624	588

Ferronickel is traded based on discounts or premiums to the LME nickel price, depending on market conditions, supplier products and consumer preferences. Differences between market prices and realised prices are largely due to variances between the LME and the ferronickel price.

The average nickel price increased by 6% to 632 c/lb (2018: 595 c/lb), driven by strong growth in stainless steel production in China and solid battery demand growth (principally, zero emission vehicles and lithium-ion-based energy storage). Prices were also supported by Indonesia bringing forward its ban on nickel ore exports from January 2023 to January 2020, which is expected to markedly reduce nickel ore supply to Chinese nickel pig iron producers.

Operational performance

Nickel output increased by 1% to 42,600 tonnes (2018: 42,300 tonnes), reflecting improved operational stability.

Operational outlook

Production guidance for 2020 is 42,000-44,000 tonnes.

MANGANESE

2019 RESULTS – MANGANESE⁽¹⁾

	2019	2018
Production volume (Mt)	3.7	3.8
Sales volume (Mt)	3.7	3.7
Group revenue – \$m	926	1,147
Underlying EBITDA – \$m	443	663
Mining EBITDA margin	48%	58%
Underlying EBIT – \$m	388	610
Attributable ROCE	109%	159%

⁽¹⁾ Production, sales and financials include ore and alloy.

Financial and operational review

Underlying EBITDA decreased by 33% to \$443 million (2018: \$663 million), mainly owing to the lower manganese ore price and, to a lesser extent, an 18% decrease in attributable manganese alloy sales, in line with reduced Australian and South African alloy production.

Markets

The average benchmark price for manganese ore (Metal Bulletin 44% manganese ore CIF China) was \$5.58/dmtu, a decrease of 23% (2018: \$7.24/dmtu). The effect of strong steel output and stricter reinforcing steel standards in China was more than offset by an increase in manganese ore supply from South Africa.

Operational performance

Attributable manganese ore production decreased by 3% to 3.5 Mt (2018: 3.6 Mt). Output from the Australian operations decreased by 6% owing to the impact of a major cyclone in March which, combined with high clay content, adversely affected the quality of the feed to the processing plant. This was partly offset by a 3% increase in production from the South African operations as a result of improved mining productivity.

CORPORATE AND OTHER

2019 RESULTS

	Group revenue ⁰ \$m	Underlying EBITDA ⁰ \$m	Underlying EBIT ⁰ \$m	Capex ⁰ \$m
Segment total	121	(43)	(229)	56
Prior year	3	(219)	(226)	27
Exploration	–	(126)	(128)	1
Prior year	–	(113)	(113)	–
Corporate activities and unallocated costs	121	83	(101)	55
Prior year	3	(106)	(113)	27

Financial review

Corporate and other reported an underlying EBITDA loss of \$43 million (2018: \$219 million loss). Revenue increased to \$121 million (2018: \$3 million), predominantly due to ramp-up of third-party shipping activity.

Exploration

Exploration's underlying EBITDA loss increased to \$126 million (2018: \$113 million loss), reflecting increased exploration activities across most product groups, in particular, nickel, iron ore and metallurgical coal.

Corporate activities and unallocated costs

Underlying EBITDA amounted to an \$83 million gain (2018: \$106 million loss), driven primarily by a benefit to EBITDA from the adoption of IFRS 16 *Leases* as items previously recorded as operating costs are now included within depreciation.

GOVERNANCE



Strong corporate governance underpins our ability to fulfil our Purpose. The Anglo American Board is committed to ensuring that we continue to adhere to high standards of corporate governance.”

Stuart Chambers
Chairman



This section of the Integrated Annual Report provides an overview of the means by which the Company is directed and controlled. The Board is there to support and challenge management and to ensure that we operate in a manner that promotes the long term success of Anglo American. Over the next few pages we describe the ways in which we seek to achieve this.

Board composition

As described in my statement on pages 4-5, we announced a number of changes to the Board in 2019. In carrying out such ongoing Board refreshment, which is beneficial in itself, we must maintain the right balance of experience, skills, continuity and diversity required to be successful.

At the start of the year, Byron Grote was appointed our senior independent director in addition to continuing as the chair of the Audit Committee – we continue to benefit from Byron's more than 35 years of experience across the natural resources sector. In addition, Anne Stevens took over stewardship of the Remuneration Committee, bringing her extensive global executive and board experience to the role. On 30 April 2019, Jack Thompson retired from the Board after nine years of service, and Ian Ashby took over the role of chair of the Sustainability Committee, enhancing its deliberations with his extensive executive background in mining.

In late August, Nolitha Fakude, who had served as a non-executive director since 2017, stepped off the Board to take on a key strategic management role in the Group as chair of our management board in South Africa and a member of the Group Management Committee. I would like to thank

Nolitha for her dedication and professionalism as a director and look forward to her continued contribution to the Group in her new role.

I was pleased to welcome three new non-executive directors to the Board – Marcelo Bastos joined the Board on 1 April 2019, Hixonia Nyasulu joined the Board on 1 November 2019, and Nonkululeko Nyembezi was appointed with effect from 1 January 2020. Marcelo's extensive operational and project experience gained over a more than 30 year career in mining across numerous commodities and geographies, particularly in South America, will ensure we continue to include the appropriate mix of skills and perspectives in our Board discussions. Hixonia has highly relevant global board experience drawn from the natural resources, financial services and consumer industries. Her entrepreneurial spirit and passion for education and economic development add richness to our Board discussions. Nonkululeko's engineering background and extensive experience spanning mining, steel, financial services and technology in South African and global organisations will offer us great breadth of insight.

Global Workforce Advisory Panel

As mentioned in the 2018 Integrated Annual Report, the Board embraced the greater focus on board-workforce engagement contained in the UK Corporate Governance Code (the Code) published in July 2018. The Board and management spent a considerable amount of time exploring options for the most effective, practical and sustainable way to meaningfully achieve the level of engagement contemplated by the Code. We formed a Global Workforce Advisory Panel (the Panel) – comprising 12 employees drawn from across our business – and designated our senior independent director, Byron Grote, to chair and engage with the Panel, to enable the Board to better understand and take into account the views of its workforce. The Panel held its first meeting in October 2019 in South Africa. I was pleased with the quality and the richness of the feedback we received and look forward to its continuation.

i For more information on the Panel and the ways in which we currently engage with our workforce: See page 98

Director and Board visits to operations

I believe that director and Board site visits are invaluable. They provide an opportunity for all directors to learn more about the operations and understand the opportunities and challenges faced by the businesses in their local environments. Site visits are a key mechanism for the Board to directly engage with the workforce from a range of backgrounds and seniority, and also present opportunities to meet with local stakeholders and understand their interests and concerns. The site visits are described on page 97.

Board effectiveness

At least every three years the Board and its committees are evaluated by an external third party who interviews the directors and senior management to form an objective opinion on the performance of the Board and its members. Every board and every individual can benefit and improve from the receipt of constructive feedback and this Board and its directors are no exception. In 2018, we conducted an external evaluation of the Board, its committees and each of the directors. An internal evaluation was carried out in 2019. The actions we took during 2019 to address the points raised in the 2018 external review, the processes used, and the results of the 2019 evaluation are described on page 100. I am pleased to report that the overall conclusion was that the Board and committees continue to function well. Of course, there is always room for improvement

and each committee and the Board itself are developing action plans to ensure that we address the points raised by the evaluations.

Committee governance

Starting on page 101, each of the Board committee chairs presents a report on the activities of their committee during 2019. 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.

Appointment of external auditor

In May 2019, the Board announced its intention to propose the appointment of PricewaterhouseCoopers as the external auditor of the Company for the 2020 financial year and beyond, subject to approval by shareholders at the Annual General Meeting (AGM) in 2020. A robust tender process was conducted by the Audit Committee, further details of which are described on pages 107-108. On behalf of the Board, I would like to thank Deloitte for their significant contribution to the Group over the years.

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 2019. It is the Board's view that the Company has complied throughout the year with the Code. 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 10-11. Relations with shareholders are described on pages 98-99. For the ways in which the Board engages with its key stakeholders, see our *Section 172 Statement* on page 10, and the Stakeholder Engagement section on pages 98-99 of this report. Our whistleblowing programme is described on page 109.



Stuart Chambers and Marcelo Bastos at the Group's Metallurgical Coal operations in Australia in April 2019, viewing a shovel in action at the Capcoal open cut mine.

Section 2: Division of responsibilities

Pages 86-92 give details of the Board and executive management and the Board governance structure.

Section 3: Composition, succession and evaluation

The processes we followed to refresh the Board are set out on page 95 and the work of the Nomination Committee is described on page 102.

Section 4: Audit, risk and internal control

The report of the Audit Committee is found on pages 103-109, with further detail on the Group's principal risks to the business in the Strategic Report on pages 44-49.

Section 5: Remuneration

The Group's remuneration policy and the report of the Remuneration Committee are found on pages 110-138.

I hope you find this report useful and informative. I look forward to seeing as many of you as possible at our AGM 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 (63)
Chairman



Qualifications: BSc

Appointed: 1 September 2017 and as Chairman on 1 November 2017

Skills and experience

Stuart contributes to Anglo American significant global executive and boardroom experience across the industrial, logistics and consumer sectors.

He previously served as chairman of ARM Holdings plc and Rexam plc until 2016; and as a non-executive director on the boards of Tesco PLC (2010-15), Manchester Airport Group plc (2010-13), Smiths Group plc (2006-2012) and Associated British Ports Holdings plc (2002-06). Stuart's executive career included 13 years at Pilkington plc and its subsequent parent company Nippon Sheet Glass until 2010, in a number of executive roles and ultimately as chief executive of both companies. Prior to that, he gained 10 years of sales and marketing experience at Mars Corporation, following 10 years at Shell as a chemical engineer.

Current external appointments

Chairman of Travis Perkins plc, and a member of the UK Takeover Panel.

Nationality

British



Mark Cutifani (61)
Chief Executive



Qualifications: BE (Mining-Hons), FAusIMM, FREng, CEngFIMMM, DBA (Hon), DoL (Hon)

Appointed: 3 April 2013 as Chief Executive

Skills and experience

Mark contributes to Anglo American over 40 years' experience of the mining industry across a wide range of geographies and commodities.

Mark is a member of the Group Management Committee (GMC), is a non-executive director of Anglo American Platinum, chairman of Anglo American South Africa and chairman of De Beers.

Mark was previously CEO of AngloGold Ashanti Limited, a position he held from 2007-2013. Before joining AngloGold Ashanti, Mark was COO at Vale Inco where he was responsible for Vale's global nickel business. Prior to this he held senior executive positions with the Normandy Group, Sons of Gwalia, Western Mining Corporation, Kalgoorlie Consolidated Gold Mines and CRA (Rio Tinto).

Current external appointments

Independent director of Total S.A. and a member of the board of trustees of The Power of Nutrition, an independent charitable foundation.

Nationality

Australian



Stephen Pearce (55)
Finance Director

Qualifications: BBus (Acc), FCA, GIA, MAICD

Appointed: 24 April 2017 as Finance Director

Skills and experience

Stephen contributes to Anglo American almost 20 years of public company director experience and more than 30 years' experience in the mining, oil and gas, and utilities industries.

Stephen became a member of the GMC in January 2017 and joined the Board in April 2017. He is also a non-executive director of Anglo American Platinum and De Beers. Before joining Anglo American, Stephen served as CFO and an executive director of Fortescue Metals Group from 2010 to 2016. Prior to that, he held the positions of managing director and CEO of Southern Cross Electrical Engineering Ltd and was CFO of Alinta Ltd. Stephen previously served as a non-executive director of Cedar Woods Properties Ltd.

Current external appointments

Non-executive director of BAE Systems plc.

Nationality

Australian

Committee member key

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee

- S** Sustainability Committee
- Chair of Committee
- Member of Committee



Tony O'Neill (62)
Technical Director

S

Qualifications: MBA, BAsC (Eng), FEng, FIMMM

Appointed: 22 July 2015 as Technical Director

Skills and experience

Tony contributes to Anglo American almost 40 years' experience in the mining industry across numerous geographies, and commodities spanning iron ore, copper, nickel and gold.

Tony joined Anglo American in September 2013 and has responsibility for the Technical and Sustainability function. He is a member of the GMC and a non-executive director of Anglo American Platinum and De Beers.

Tony was previously Executive Vice President – Business and Technical Development at AngloGold Ashanti Limited from 2008, where he served as joint acting CEO during 2013.

His extensive career in the mining industry includes roles as Operations Executive at Newcrest Mining and Head of the Gold Business at Western Mining Corporation.

Current external appointments

None

Nationality

Australian



Byron Grote (71)
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 over 35 years of experience across the natural resources sector. He contributes to Anglo American broad business, financial and board experience in numerous geographies.

In 2019, Byron was designated by the Board to chair and engage with Anglo American's newly created Global Workforce Advisory Panel.

He served on the BP plc board from 2000 until 2013 and was BP's chief financial officer during much of that period. He was previously a non-executive director of Unilever NV and Unilever PLC.

Current external appointments

Vice chairman of the supervisory board of Akzo Nobel NV and a non-executive director of Standard Chartered PLC and Tesco PLC. A member of the European Audit Committee Leadership Network and an emeritus member of the Cornell University Johnson Advisory Council.

Nationality

American/British



Ian Ashby (62)
Independent Non-executive Director

N R S

Qualifications: B Eng (Mining)

Appointed: 25 July 2017

Skills and experience

Ian contributes to Anglo American substantial knowledge of the minerals industry across a wide range of commodities, combined with global operating, major projects and capital development experience.

Ian served as President of Iron Ore for BHP Billiton between 2006 and 2012, when he retired from the company. During his 25-year tenure with BHP Billiton, Ian held numerous roles in its iron ore, base metals and gold businesses in Australia, the USA, and Chile, as well as projects roles in the corporate office. He began his nearly 40 year mining career as an underground miner at the Mount Isa Mines base metals operations in Queensland, Australia.

Ian has previously served as chairman of Petropavlovsk plc, and a non-executive director of Alderon Iron Ore Corp, Nevsun Resources Ltd, New World Resources PLC and Genco Shipping & Trading, and in an advisory capacity with Apollo Global Management and Temasek.

Current external appointments

None

Nationality

Australian

DIRECTORS CONTINUED



Marcelo Bastos (56) S
Independent Non-executive Director

Qualifications: MBA, BSc (Hons) Mech Eng

Appointed: 1 April 2019

Skills and experience

Marcelo contributes to Anglo American more than 30 years of operational and project experience in the mining industry across numerous commodities and geographies, particularly in South America.

Marcelo served as chief operating officer of MMG between 2011 and 2017, responsible for the group's copper, zinc, silver, lead and gold operations, and sales and marketing. In this role, he also led the planning and development of the Las Bambas copper mine in Peru. Prior to MMG, Marcelo served as president of the BHP Mitsubishi Alliance joint venture (metallurgical coal), president of BHP's Cerro Matoso nickel operation in Colombia, president of nickel Americas, and president of Nickel West in Australia. His early career until 2004 at Vale included serving as general manager of the Carajás operations in northern Brazil and he was ultimately director for the company's base metals operations. Marcelo is a former non-executive director of Oz Minerals Ltd.

Current external appointments

Non-executive director of Aurizon Holdings Ltd, Golder Associates, and Iluka Resources Ltd.

Nationality

Brazilian/Australian



Hixonia Nyasulu (65) N
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 JPMorgan 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



Dr Mphu Ramatlaping (67) S
Independent Non-executive Director

Qualifications: MD, MHSc

Appointed: 8 July 2013

Skills and experience

Mphu is a highly experienced leader who contributes to Anglo American a broad range of global health expertise at board level across both the public and private sectors.

Mphu served as Minister of Health and Social Welfare of Lesotho between 2007 and 2012. In this role, she championed Lesotho's significant achievements in reducing the transmission of HIV from mother to child. Across her career, she has been a leading advocate for women in business, including serving as founding board member of Women in Business in Lesotho. Mphu was formerly the vice chair of the Global Fund to Fight AIDS, TB and Malaria.

Current external appointments

Executive vice president of HIV/AIDS and Tuberculosis programmes for the Clinton Health Access Initiative, and a member of the board of directors of Living Goods, a not-for-profit organisation.

Nationality

Lesotho

Committee member key

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee

- S** Sustainability Committee
- Chair of Committee
- Member of Committee



Jim Rutherford (60) **A R S**
Independent Non-executive Director

Qualifications: BSc (Econ), MA (Econ)
Appointed: 4 November 2013

Skills and experience

Jim has over 25 years' experience in investment management and investment banking. He has extensive international experience and contributes to Anglo American considerable financial insight from the perspective of the capital markets and a deep understanding of the mining industry.

Jim was formerly chairman of Dalradian Resources Inc. Between 1997 and 2013, he was a senior vice president of Capital International Investors, a division of Capital Group, and had responsibility for investments in the mining and metals industry. Prior to joining Capital Group, Jim was an investment analyst covering the South American mining and metals industry for HSBC James Capel in New York.

Current external appointments

Deputy chairman of Centamin plc, senior independent director of Anglo Pacific Group, and a non-executive director of GT Gold Corp.

Nationality

British



Anne Stevens (71) **A N R**
Independent Non-executive Director

Qualifications: BSc, PhD
Appointed: 15 May 2012

Skills and experience

Anne contributes to Anglo American a wealth of experience and wide-ranging commercial acumen from a number of global industries in North, Central and South America.

Anne was chief executive of GKN plc from November 2017 to April 2018. She was formerly chairman and CEO of SA IT Services from 2011 until her retirement in December 2014. From 2006 to 2009, Anne was chairman and CEO of Carpenter Technology Corporation. Prior to this, she was COO for the Americas at Ford Motor Company until 2006, the culmination of her 16 year career with the company. Her early career was spent at Exxon Corporation, where she held roles in engineering, product development, and sales and marketing. Anne is a former non-executive director of Lockheed Martin Corporation, GKN plc and XL Catlin.

Current external appointments

None

Nationality

American



Nonkululeko Nyembezi (59) **A**
Independent Non-executive Director

Qualifications: MSc, BSc, MBA
Appointed: 1 January 2020

Skills and experience

Nonkululeko contributes to Anglo American great breadth of technical and strategic insights with a background in engineering and extensive experience spanning mining, steel, financial services and technology in South African and global organisations.

Until December 2019, Nonkululeko was chairman of Alexander Forbes Group and has previously served 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

Chief executive officer of Ichor Coal N.V., chairman of JSE Limited and Macsteel Service Centres SA, and a non-executive director of Standard Bank of South Africa Limited.

Nationality

South African

In addition, the following directors served during the year:

Nolitha Fakude stepped down from the Board as a non-executive director on 31 August 2019 following her appointment as Group Director – South Africa and Chairman of Anglo American's management board in South Africa, from 1 September 2019. See page 90 for biographical details.

Jack Thompson stepped down from the Board as a non-executive director on 30 April 2019.

EXECUTIVE MANAGEMENT

Group Management Committee members



Mark Cutifani
Chief Executive
See page 86 for
biographical details
*Member since
April 2013*



**Bruce
Cleaver (54)**
CEO of De Beers Group



**Didier
Charreton (56)**
Group Director –
People and Organisation



Stephen Pearce
Finance Director
See page 86 for
biographical details
*Member since
January 2017*

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.

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.



Tony O'Neill
Technical Director
See page 87 for
biographical details
*Member since
September 2013*



**Nolitha
Fakude (55)**
Group Director –
South Africa

Qualifications: BA (Hons)

Member since: September 2019

Skills and experience

Nolitha was appointed Group Director – South Africa on 1 September 2019. From April 2017 to August 2019, she served as a non-executive director on the Board of Anglo American plc.

Until 2016, Nolitha served as an executive director at Sasol Limited and Executive Vice President of Strategy and Sustainability. Prior to that she held senior management positions in corporate affairs, strategy and operations in the retail and financial sectors.

Nolitha is a non-executive director of JSE Limited, and a Patron of Guild Cottage home for girls. In her non-executive career, she has previously served as deputy chair and lead independent director of Datacentrix Holdings Limited, and as a non-executive director of Harmony Gold and Woolworths Holdings.



**Ruben
Fernandes (54)**
CEO of Base Metals

Qualifications:

MBA, MSc (Metallurgical Engineering)

Member since: March 2019

Skills and experience

Ruben was appointed CEO of Base Metals on 1 March 2019. He previously served as CEO of Anglo American Brazil. Prior to joining the Group in 2012, Ruben was head of mining at Votorantim Metals in Brazil, responsible for projects and exploration activities around the world, as well as operations in Peru and Colombia. Between 2009 and 2011, he was COO at Vale Fertilizers, responsible for the fertiliser operations, sales and marketing. Ruben was also CEO of Kaolin Companies – Pará Pigments and Cadam – two subsidiaries of Vale, between 2007 and 2009, and held various analysis, marketing and project roles in Vale's Base Metals business which he joined in 1999. Between 1988 and 1998, he held several leadership roles in the special alloys industry.



**Seamus
French (57)**
CEO of Bulk
Commodities and
Other Minerals

Qualifications: B Eng (Chemical)

Member since: October 2009

Skills and experience

Seamus has responsibility for the Group's Coal, Iron Ore and Nickel businesses. He is a non-executive director of Kumba Iron Ore. Seamus joined the Group in 2007 and was CEO of Metallurgical Coal between 2009 and 2013, and CEO of Coal until 2015. Prior to his career at Anglo American, Seamus joined WMC Resources in Australia in 1994 in a strategic planning and business development role, and progressed to various operational management roles, gaining extensive experience in the Gold and Nickel businesses before being appointed executive general manager of the Copper-Uranium division. Seamus joined BHP Billiton as Global Vice President, Business Excellence, following its takeover of WMC in 2005.



Chris Griffith (55)
CEO of Anglo American Platinum

Qualifications: B Eng (Mining) Hons, Pr Eng

Member since: October 2009

Skills and experience

Chris has served as CEO of Anglo American Platinum since September 2012. He was previously CEO of Kumba Iron Ore between 2008 and 2012 and prior to this, served as Anglo American Platinum's head of joint operations. Chris has been with the Group for 30 years.

As announced on 17 February 2020, Chris will step down as CEO of Anglo American Platinum on 16 April 2020.



Anik Michaud (52)
Group Director – Corporate Relations

Qualifications: LL.L (Law)

Member since: March 2015

Skills and experience

Anik has served as Group Director – Corporate Relations since June 2015. Her remit includes corporate communication, international and government relations, social performance and engagement, the implementation of the Group's Sustainable Mining Plan under the FutureSmart Mining™ programme, 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. Anik began her career as the political attaché to the Minister of Finance for Quebec.



Themba Mkhwanazi (50)
CEO of Kumba Iron Ore

Qualifications: B Eng (Chemical) Hons

Member since: August 2019

Skills and experience

Themba has served as CEO of Kumba Iron Ore since September 2016. Prior to that, he was CEO for Anglo American's Thermal Coal business in South Africa, having joined the Group in 2014. He has extensive experience in the resources industry, including 18 years in his native South Africa, as well as in the USA and Australia.

Before joining Kumba, Themba was managing director for Huntsman Tioxide in South Africa until 2007, when he was appointed COO of Richards Bay Minerals, a joint venture between Rio Tinto and BHP Billiton. In 2011, he was seconded to Rio Tinto's Australian coal business, before taking up the role of regional general manager for the Americas in 2012.



Richard Price (56)
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.



Duncan Wanblad (53)
Group Director – Strategy and Business Development

Qualifications: BSc (Eng) Mech, GDE (Eng Management)

Member since: October 2009

Skills and experience

Duncan led our Base Metals business as CEO from 2013 to 2019, and took on the Strategy and Business Development portfolio as Group Director in 2016. He is a non-executive director of De Beers and Kumba Iron Ore.

Between 2009 and 2013, Duncan held the position of Group Director – Other Mining and Industrial. He was appointed joint interim CEO of Anglo American Platinum in 2007 (having served on the board since 2004), before taking over as CEO of Anglo American's Copper operations in 2008. Duncan began his career at Johannesburg Consolidated Investment Company Limited in 1990.



Peter Whitcutt (54)
CEO of Marketing

Qualifications: Bcom (Hons), CA (SA), MBA

Member since: October 2009

Skills and experience

Peter has served as CEO of Marketing since January 2016. He is a non-executive director of De Beers.

Peter joined the Group in 1990 within the Corporate Finance division. He worked on the merger of Minorco with Anglo American Corporation of South Africa, the listing of Anglo American plc in 1999 and the subsequent unwinding of the cross-holding with De Beers. Peter was appointed Group Head of Finance in 2003, CFO of Base Metals in August 2008 and from 2013 to 2015, he served as Group Director – Strategy, Business Development and Marketing.

Norman Mbazima served as a member of the GMC during the year, before stepping down on 30 June 2019.

THE BOARD IN 2019

The role of the Board

The Board provides leadership to the Group and is collectively responsible for promoting and safeguarding the long term success of the business. The Board is supported by a number of committees, to which it has delegated certain powers. The role of these committees is summarised below, and their membership, responsibilities and activities during the year are detailed on pages 101-138.

Some decisions are sufficiently material that they can only be made by the Board as a whole. The schedule of 'Matters Reserved for the Anglo American plc Board', and the committees' terms of reference, explain which matters are delegated and which are retained for Board approval, and these documents can be found on the Group's website.

Executive structure

The Board delegates executive responsibilities to the chief executive, who is advised and supported by the Group Management Committee (GMC). The GMC comprises the chief executive, business unit CEOs, Group directors of corporate functions and the Group general counsel and company secretary. The names of the GMC members, their roles and biographical details appear on pages 90-91.

THE BOARD

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.

Senior Independent Director (SID)

Byron Grote has served as SID since 1 January 2019. He acts as a sounding board for the chairman and as an intermediary between the other directors.

The SID leads the annual performance of the chairman and is available to shareholders on matters where the usual channels of communication are deemed inappropriate.

Independent Non-Executive Directors (NEDs)

The role of the NEDs is to 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.

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.

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.

Technical Director

Tony O'Neill leads the Technical and Sustainability function and supports the chief executive in developing and implementing strategy in relation to mining and technology, business performance, safety, health and environment.

Audit Committee

Oversight of financial reporting, audit, internal control and risk management.

 **For more details:**
See page 103

Nomination Committee

Responsible for Board composition, appointment of directors and senior management and succession planning.

 **For more details:**
See page 102

Remuneration Committee

Determines the remuneration of executive directors, the chairman and senior management and oversees remuneration policy for all employees.

 **For more details:**
See page 110

Sustainability Committee

Oversees management of sustainability issues, including safety, health, environment, and social performance.

 **For more details:**
See page 101

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.

Board composition

The Board currently comprises the chairman, chief executive, two further executive directors (our finance director and technical director) and eight independent non-executive directors. The roles of our directors are summarised on the opposite page.

The broad range of skills and experience our Board members contribute to the long term sustainable success of Anglo American are set out on pages 86-89 and illustrated in the charts below. The Board is supported by the Group general counsel and company secretary.

There is a clear separation of responsibilities at the head of the Company between the leadership of the Board (the responsibility of the chairman) and the executive responsibility for leadership of the Company's business (the responsibility of the chief executive).

Independence of the non-executive directors

At the date of this report, two-thirds of the Board are independent non-executive directors. The Board determines all of the non-executive directors (other than the chairman) to be independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement. The UK Corporate Governance Code (the Code) does not consider a chairman to be independent due to the unique position the role holds in corporate governance. Notwithstanding this, Stuart Chambers met the independence criteria contained in the Code when he was appointed as the Group's chairman in 2017.

The chairman and the non-executive directors regularly meet without the executive directors present. At least once a year, led by the senior independent director, the non-executive directors meet without the chairman present, to appraise his performance.

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 accepts and acknowledges that non-executive directors have business interests other than those of the Company and the Group. 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 agreement 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.

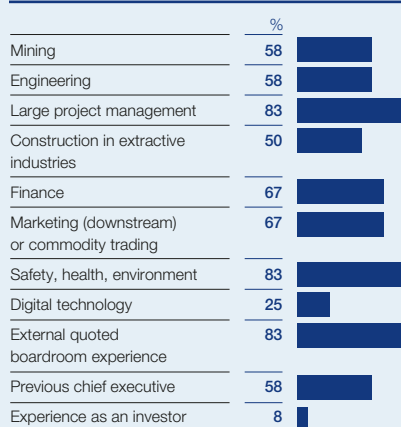
Executive directors are required to seek approval from the Board (via the chairman) before accepting an external directorship. The Board would not approve executive directors holding more than one non-executive directorship in a FTSE 100 company (or other equivalent publicly quoted company), nor the chairmanship of any such company. In 2019, the Board and Nomination Committee considered and approved Stephen Pearce accepting the role as non-executive director and chair of the audit committee at BAE Systems plc. The Board agreed that the broad experience to be gained by Stephen taking on a non-executive role with a global FTSE 100 company would build on his existing skills as a public company director and enhance his contribution to Board discussions.

Board experience and diversity

The broad range of skills and experience and the diversity of our Board members holding office as at the date of this report are illustrated below.

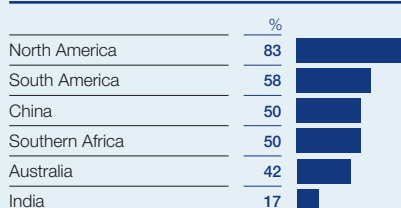
PROFESSIONAL EXPERIENCE

Percentage of Board members



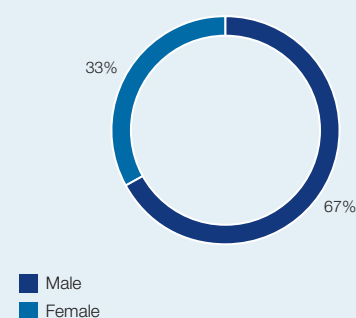
REGIONAL EXPERIENCE⁽¹⁾

Percentage of Board members

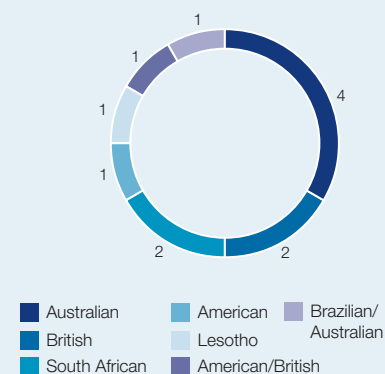


⁽¹⁾ In the regions in which the Group operates or has major markets in.

GENDER DIVERSITY



BOARD NATIONALITIES



THE BOARD IN 2019 CONTINUED

Board information and support

All directors have full and timely access to the information required to discharge their responsibilities fully and effectively. They have access to the advice and services of the Group general counsel and company secretary, other members of the Group's management and employees, and external advisers. Directors may take independent professional advice in the furtherance of their duties, at the Company's expense.

Where a director is unable to attend a Board or committee meeting, he or she is provided with all relevant papers and information relating to that meeting and encouraged to discuss issues arising with the respective chairs and other Board and committee members.

All non-executive directors are provided with access to papers for each of the Board's committees.

Board induction and development

Following appointment and as required, directors receive training appropriate to their level of experience and knowledge. This includes the provision of a comprehensive, tailored induction programme and individual briefings with GMC members and their teams to provide newly appointed directors with information about the Group's businesses and other relevant information to assist them in effectively performing their duties. In addition to scheduled Board operational site visits, non-executive directors are expected to spend time at the Group's operations to meet management and members of the workforce.

Highlights

- Following his appointment as a non-executive director in April 2019, Marcelo Bastos undertook an extensive onboarding programme, described in more detail in the case study below.

- In August 2019, non-executive members of the Sustainability Committee visited De Beers' Venetia mine and spent three days with management visiting the Group's Thermal Coal operations in South Africa.
- During their annual overseas Board visit to South Africa in October 2019, Board members visited De Beers Marine in Cape Town and Kumba Iron Ore's Sishen mine in the Northern Cape.
- In December 2019, the Board and GMC attended a networking event with all 38 of the Group's operational General Managers, as part of the Operational Leadership Excellence development programme.

Further information about the Board's visits to operations in 2019 can be found on page 97.



▼ Marcelo Bastos at a presentation from management during a visit to the Group's Metallurgical Coal operations in Queensland, Australia in April 2019.

Marcelo Bastos – non-executive director onboarding programme

Immediately following his appointment to the Board as an independent non-executive director on 1 April 2019, Marcelo spent a considerable amount of time throughout the year getting to know the business, management and the Group's operations. Key highlights of his programme are set out below:

- In early April, Marcelo accompanied the chairman on his visit to the Group's Metallurgical Coal operations in Queensland, Australia
- Also in April, Marcelo joined fellow non-executive director Ian Ashby and members of the GMC on a visit to the Quellaveco copper project in southern Peru
- In July, he visited the Group's Minas-Rio (iron ore) mine in Brazil
- In August, Marcelo joined the Sustainability Committee visit to De Beers' Venetia mine and the Group's Thermal Coal operations in South Africa
- In October, he visited De Beers Marine operations and mining vessel in Cape Town, Kumba Iron Ore's Sishen mine, and the Group's Centre for Experiential Learning and Technical Solutions facility during the Board's visit to South Africa

- Received briefings from members of the GMC and their teams on key business and strategic issues
- Attended internal orientation sessions on the Anglo American Operating Model, the Sustainable Mining Plan, our *Elimination of Fatalities* programme, tailings and water storage stewardship
- Marcelo received a briefing on the obligations and responsibilities of directors of UK-listed companies, to complement his considerable knowledge and experience of serving on the boards of Australian and Canadian companies.

Marcelo's ongoing development programme will continue into 2020 with further operational visits and meetings with senior leaders.

►► My induction programme has been thoroughly prepared and executed. It has facilitated my familiarisation with the Group's key business issues and has enhanced my contribution to the Board in the short time since my appointment."

BOARD AND COMMITTEE MEETINGS 2019 – 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.

	Independent	Board	Board Strategy	Sustainability	Nomination	Audit ⁽⁶⁾	Remuneration
Stuart Chambers	n/a	6/6	1/1	4/4	7/7	–	–
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	4/4	–	–	–
Marcelo Bastos ⁽¹⁾	Yes	5/5	1/1	3/3	–	–	–
Nolitha Fakude ⁽²⁾	Yes ⁽²⁾	3/3	–	3/3	6/6	4/4	–
Byron Grote	Yes	6/6	1/1	–	7/7	5/5	6/6
Hixonia Nyasulu ⁽³⁾	Yes	1/1	–	–	–	–	–
Mphu Ramatlapeng ⁽⁴⁾	Yes	5/6	1/1	3/4	–	–	–
Jim Rutherford	Yes	6/6	1/1	4/4	–	5/5	6/6
Anne Stevens	Yes	6/6	1/1	–	7/7	5/5	6/6
Jack Thompson ⁽⁵⁾	Yes	1/1	–	1/1	2/3	–	2/2

⁽¹⁾ Appointed 1 April 2019.

⁽²⁾ Stepped down from the Board as a non-executive director on 31 August 2019 following her appointment to the GMC on 1 September 2019.

⁽³⁾ Appointed 1 November 2019. As part of her onboarding process, Hixonia attended the Board Strategy meeting prior to her formal appointment date. Attendance is not reflected in the table above.

⁽⁴⁾ Mphu was unable to attend the October 2019 Board and Sustainability Committee meetings due to a medical emergency.

⁽⁵⁾ Stepped down from the Board on 30 April 2019. Jack was unable to attend a short notice Nomination Committee meeting in January 2019 due to conflicting time zones.

⁽⁶⁾ The number of Audit Committee meetings included four scheduled meetings, and one special purpose meeting to consider audit tender proposals.

Process used in relation to board appointments

The Board is committed to ensuring that it has the right balance of skills, experience and diversity, taking into account the targets of the Hampton-Alexander and Parker Reports. At the date of this report, the Board comprises 12 directors, of whom 33% are female and three of whom are people of colour. In terms of nationality, 10 members of the Board have a nationality other than British, with one of them originating from South America and three from southern Africa.

As part of the Board's ongoing refreshment programme, during 2019, the Nomination Committee led search processes to recruit three new non-executive directors, to ensure that the skills and experience lost as a result of resignations and retirements during the year were replaced, and to ensure continued gender and ethnic diversity on the Board.

As described in the 2018 Integrated Annual Report, in early 2019, the committee led the search for a non-executive director with substantial mining experience and experience in South America. In April 2019, the committee commenced a search for female candidates

from South Africa as a result of Nolitha Fakude's appointment into an executive role with the Group.

Spencer Stuart was retained by the committee to assist with the search process in each case. Spencer Stuart has previously worked for the Group in recruiting for non-executive and senior appointments and accordingly has a good understanding of the Board's requirements, given the markets in which the most suitable candidate were likely to be found. They are also accredited under the UK Government's Enhanced Code of Conduct for Executive Search Firms.

Prior to each search commencing, the Nomination Committee agreed the skills and experience they considered necessary for the role and provided this to Spencer Stuart. Lists of potential candidates were then identified by Spencer Stuart and discussed with the committee members to agree shortlists to be interviewed. In each case, the initial list of potential prospects included ethnically and gender-diverse candidates. Shortlisted candidates were interviewed by members of the committee and, where practical, other directors.

Board activity

The Board is responsible for the overall conduct of the Group's business. The rolling agenda of matters discussed by the Board is described and explained on the following page. The Board is scheduled to meet at least six times a year but meets more often when circumstances warrant this. In addition, the Board dedicates a full meeting to the discussion of the Group's strategy, addressing short, medium and long term issues. Annually, each of the Group's business unit heads presents to the Board in some depth on key aspects of their business.

The agenda of matters discussed by the Board in 2019 is described and explained on the next page.

THE BOARD IN 2019

CONTINUED

Topic and link to pillars of value	Areas covered	Comments
Safety and health 	Fatal incidents, Total Recordable Case Frequency Rate, health and medical incidents	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 <i>Elimination of Fatalities</i> programme, was monitored. The Board discussed the risk mitigation measures in respect of tailings dams in the Group's operations, as well as potential reputational and other risks associated with dams at disposed operations. The Board also continued to monitor the operational and technical innovation initiatives that have the potential to positively impact the Group's safety performance.
Environment 	Environmental incidents, energy and climate change, water availability and rehabilitation	The Board reviewed material environmental incidents and steps taken by management to reduce energy and natural resource consumption. The Board also reviewed the development and use of new technologies that aim to reduce the impact of the Group's operations on the environment. Climate change, and the Group's resilience to its impacts, was considered during the year by the Board and the Sustainability Committee.
Socio-political 	Social incidents and performance, government, media, investor and stakeholder relations	The Board is committed to ensuring collaboration and partnering with a broad range of stakeholders. It reviewed local community dialogue regarding environmental matters, and any health and safety issues. Investor and media relations updates were received. In 2019, an external investor study was undertaken, and the findings discussed by the Board. Feedback from external stakeholders such as customers, suppliers, global influencers and governments on their expectations of the Group were presented and discussed.
People 	Inclusion and diversity, talent and performance management, employee engagement	People are a pillar of the Group's strategy and the Board is focused on creating an inclusive and diverse culture. The talent and succession among senior management was reviewed, with plans and targets produced that seek to address gender diversity while delivering sustainable talent pipelines that ensure the right talent is in the right place at the right time. The Board approved changes to the performance management and incentives of its employees, which are designed to further facilitate the delivery of the Group's strategic objectives. The Board also established a Global Workforce Advisory Panel aligned to the workforce engagement recommendations set out in the UK Corporate Governance Code. The Board considered progress of work to align the Group's culture and Values with its Purpose.
Operations 	Operational performance by each business unit and progress of key projects	The Board received detailed updates on each business unit's performance, operations, strategy, safety and sustainability performance, technological innovation and key risks.
Financial 	Key financial measures, liquidity and balance sheet strength, cost improvements, dividend	The Board monitored and discussed progress against the annual budget and three-year plan. Liquidity, balance sheet strength and debt were reviewed. The Board considered the Group's dividend policy and approved the final and interim dividend. The Board approved a share buyback programme of up to \$1 billion and the appointment of PwC as the auditor of the Company for the 2020 financial year and beyond.
Economic outlook and commodity prices 	Macro-economic environment and commodity price outlook	The Board received briefings from internal teams and external advisers on trends in relevant areas and likely scenarios for global economic growth. Commodity prices, and the effect of these on the Group, are noted and taken into account for strategic and planning purposes.
Strategy 	Portfolio outlook, progress on critical tasks and long term strategic pathways	The Board discussed progress towards the ongoing transformation strategy, focusing on key objectives in relation to Portfolio, Innovation and People within the context of long term strategic levers including: key competitive trends and disruptions; technology capability; and climate change perspectives. The Board considered strategic issues at each meeting, and held a two day dedicated strategy session in 2019.
Board governance 	Reports from committees, legislative and regulatory compliance, succession planning	Each of the committee chairs reported on their respective meetings and on any developments which required the attention of the Board. 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. An internal evaluation of the performance of the Board and its committees was undertaken to ensure their effective functioning. The Board's ongoing review of its composition, diversity and succession plans culminated in the appointment of three new non-executive directors during the year.

Board visits to Group operations

Undertaking regular site visits allows the directors to gain a better understanding of the Group's operations and affords Board members the opportunity to meet and engage with a diverse cross-section of employees. During 2019, the Board met outside the UK on one occasion in South Africa. Non-executive directors visited a number of the Group's operations during 2019, as described below.

Board visit to South Africa

In October 2019, the Anglo American plc Board and Sustainability Committee met in South Africa. Over the course of the visit, Board members had the opportunity to participate in the following:

- A site visit to De Beers Marine operations and mining vessel in Cape Town port
- Engagement with South African government stakeholders
- An operational site visit to Kumba Iron Ore's Sishen mine in the Northern Cape, where they received detailed presentations from Kumba Iron Ore leaders on their strategy, operations and sustainability performance, Sishen's implementation of the Anglo American Operating Model, and viewed mine pit and drilling technology
- An informative tour of the Group's Centre for Experiential Learning and Technical Solutions facility in Johannesburg.

Chairman and non-executive directors' visits in 2019

In April, the chairman and newly-appointed non-executive director Marcelo Bastos spent time with leaders and employees at the Group's Metallurgical Coal operations in Queensland, Australia. They visited Moranbah North and Grosvenor underground mines, Capcoal operations and the Aquila project.

Also in April, non-executive directors Ian Ashby and Marcelo Bastos visited the Quellaveco copper project in southern Peru, accompanied by the chief executive and CEO Base Metals, Ruben Fernandes.

In July, Marcelo Bastos visited the Group's Minas-Rio iron ore mine in Brazil, accompanied by Wilfred Bruijn, CEO Anglo American Brazil.

In August 2019, the chairman of the Sustainability Committee and non-executive members of the committee visited De Beers' Venetia mine and spent time at the Group's Thermal Coal operations in South Africa – Greenside, Goedehoop and Khwezela – hosted by July Ndlovu, CEO Coal South Africa and members of the Coal South Africa leadership team. During the visit the non-executive directors had the opportunity to learn more about safety improvement initiatives, local community engagement, and sustainable development projects.



Non-executive directors Marcelo Bastos (left) and Ian Ashby (third from right), with chief executive Mark Cutifani (middle) at our Quellaveco project in Peru in 2019. They are viewing a model of the mine and processing facilities, used as part of our 'dialogue table' with representatives from the local Moquegua community.

Visiting operations is invaluable to a non-executive director and, in turn, helps to develop a greater understanding by our business leaders and employees about the work of the Board. Site visits enable me, as a non-executive director and chairman of the Sustainability Committee, to improve my understanding of the issues affecting the business, and enhance boardroom discussions."

Ian Ashby
Chairman of the Sustainability Committee



Members of the Anglo American Board with leaders and employees during the Board's visit to Kumba Iron Ore's Sishen mine in South Africa in October 2019.

STAKEHOLDER ENGAGEMENT

Stakeholder considerations form part of discussions at Board meetings and the decisions we make take into account potential impacts on our stakeholders.

Global Workforce Advisory Panel

The Board embraces the greater focus on board-workforce engagement contained in the UK Corporate Governance Code (the Code). In 2019, the Board and the Group Management Committee (GMC) explored and debated various options for the most effective, practical and sustainable way to meaningfully achieve the level of engagement contemplated by the Code. We established a Global Workforce Advisory Panel (the Panel), made up of 12 employee representatives from each country where the Group has a significant presence, and designated our senior independent director, Byron Grote, to chair and engage with the Panel.

Panel members were 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. Panel members undertook a training and development programme to ensure a clear understanding of their role and to support them in being effective employee representatives.

The Panel held its first meeting in South Africa in October 2019. Topics for discussion at the inaugural Panel meeting included the Group's Global Safety Day campaign, our *Elimination of Fatalities Taskforce*, our Codes of Conduct and understanding of Anglo American's strategy. The outcomes of its discussions were shared with the Board at its meeting in December 2019.

Panel meetings in 2020 will be held in Johannesburg and London, and the key themes from those discussions will be shared with the Board.

It is anticipated that in future the Panel will meet at least twice a year and, along with the other established channels of communication we have with our employees, such as our employee engagement survey, director interactions with employees during site visits to operations and 'town halls', this forum should be of considerable benefit in helping the Board better understand and take into account the views of its workforce when making strategic decisions.



Members of our Global Workforce Advisory Panel with senior independent director Byron Grote (second from left), who chairs the Panel, at the inaugural meeting in October 2019.

Employee Q&A event with Board members

In September 2019, we held a roundtable discussion at the Group's London headquarters with the chairman, our senior independent director Byron Grote and independent non-executive directors Anne Stevens and Marcelo Bastos. They were all available to answer employee questions on any topic and talk about their careers.

Global employee engagement survey

In October 2019, we completed our latest global employee engagement survey, 'Have Your Say', giving Anglo American employees the opportunity to share their experience of working for the Group. Roughly 60,000 direct employees were asked to complete the survey and responses were received from 39,000 employees, representing 66% of our permanent workforce. Anglo American previously conducted a global employee engagement survey in 2017.

The questions covered topics spanning safety, the Group's strategic direction, leadership, our culture, Values and Purpose. The survey was managed by an independent research agency, to ensure confidentiality of responses.

Key insights from the survey were shared with the Board and GMC in December 2019. The results indicated that engagement is strong, with our employees feeling proud to work for Anglo American and connected to our Purpose. Areas for the Group to strengthen employee engagement include building on our culture of care and respect and improving practices of recognition.

The GMC will agree and monitor a Group-wide action plan in early 2020, which will be shared with the Board.

Investor engagement

The Company has an active engagement programme with its key financial audiences, including institutional shareholders 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, as well as regular attendance at industry conferences organised mainly by investment banks for their institutional investor base. Any significant concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board.

The Board receives a briefing at each meeting from the investor relations department and analysts' reports are circulated to the directors when available. Feedback from meetings held between executive management, or the investor relations department, and institutional shareholders, is also communicated to the Board. In 2019, the Board commissioned an external investor study, carried out by a third party consultancy, to obtain the views on Anglo American from global institutional investors. The findings of the study were presented to the Board.

Private shareholders are encouraged to attend the Company's general meetings or to submit questions to the Company via the Group's website. The website also provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information regarding Anglo American.

INSTITUTIONAL SHAREHOLDERS BY GEOGRAPHY

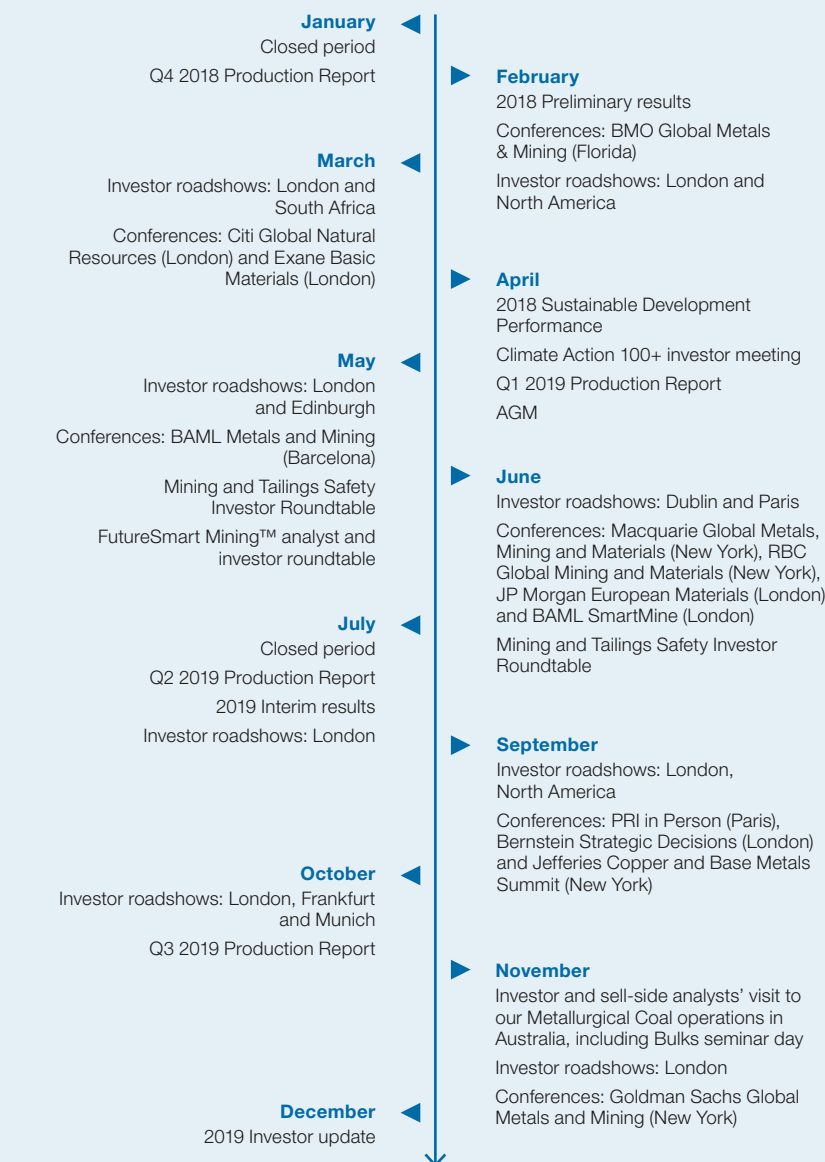
	%
UK	33
South Africa	24
North America	20
Europe (excluding UK)	11
Rest of World	11

This analysis excludes the 112,300,129 shares held by Epoch Investment Holdings (RF) Proprietary Limited, Epoch Two Investment Holdings (RF) Proprietary Limited and Tarl Investment Holdings (RF) Proprietary Limited. See note 24 to the Consolidated financial statements for further details.

Voting levels at the 2019 AGM were in excess of 73%, with less than 1% being votes withheld. All resolutions submitted to the meeting in 2019 were passed with at least 90% of votes in favour apart from the re-appointment of the auditors (80.08%), the authority to disapply pre-emption rights (77.75%) and the election of Marcelo Bastos as a non-executive director (73.80%). The votes cast against the resolution to disapply pre-emption rights were overwhelmingly received from our South African investors. As a result, the Company has proactively engaged with these shareholders to better understand their position. The engagement has been positive and, having listened to the views of our concerned shareholders, the Company will be seeking an authority at the 2020 AGM to disapply pre-emption rights up to 2.5% of the issued share capital, rather than 5% as it has done previously.

In respect of the appointment of Marcelo Bastos, the Board seeks to appoint non-executive directors of the highest calibre that have the relevant skills and experience to ensure the full breadth of capabilities required by the Board as a whole. The Board takes a proactive approach through its refreshment programme (further details of which can be found on page 95) and is of the belief that shareholders will be more strongly in support of Mr Bastos' re-election in 2020.

INVESTOR ENGAGEMENT IN 2019



Bulks investor site visit

In November 2019, we hosted an investor and sell-side analysts' visit to Queensland, Australia to provide a detailed update on Anglo American's Bulks businesses. The seminar day covered Kumba Iron Ore, Minas-Rio and the Metallurgical Coal operations in Australia, as well as our Nickel and export Thermal Coal operations. Over the subsequent two days, we toured our Moranbah-Grosvenor and Capcoal operations.

This trip provided an opportunity for 22 investors and analysts to engage with management directly and take questions, while also experiencing first hand the operational excellence demonstrated at our Metallurgical Coal sites where the Anglo American Operating Model is firmly embedded and where we are now delivering step-change performance as a result of our P101 programme.

BOARD EVALUATION

Board, committee and individual director effectiveness in 2019

Each year, the Board undertakes a rigorous evaluation 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 2018, an external evaluation was undertaken, the results of which were reported in the 2018 Integrated Annual Report. Action plans were developed based on the results and progress against these measured throughout the year. The Board identified four effectiveness priority areas for 2019 and an action plan to address these areas as illustrated in the table opposite.

The Board succeeded in implementing the action plan in full in 2019, with the exception that, due to scheduling constraints, the Nomination Committee was unable to review senior management (below GMC) succession by the end of the year and will do so in 2020.

In 2019, the directors completed online, questionnaire-based internal evaluations. To allow the Board and its committees to judge progress over the two years, the evaluation explored similar areas to the 2018 external evaluation. The 2019 evaluation confirmed that the Board believes that it continues to be effective and well-functioning. Importantly, the evaluation found that the Board was clearer and more aligned on strategy at the end of 2019 than at the beginning of the year, and that the strategy discussions were highly valuable and effective.

The review of the chairman's performance was led by the senior independent director. The chairman was not present during the discussion by the non-executive directors as it related to him. All directors commended the chairman on his effective leadership of the Board, noting that he continues to foster a supportive culture that facilitates the contribution of each director. In addition, the chairman received a report evaluating the individual directors' performance. The chairman held one-to-one meetings with each of the directors following the evaluation.

Committee effectiveness

The committee evaluations looked at ways in which they could improve their overall effectiveness, their performance and areas they needed to address in 2020. All committees were believed to be performing well and were appropriately constituted.

Following the 2018 evaluation, the Board identified the effectiveness priority areas below for 2019:

Topic	Areas identified for action	Planned actions in 2019
Strategy	More time to be dedicated to strategy discussions throughout the year	Continue to build on the successful format of the 2018 Board strategy meeting. The Board's forward-looking agenda is being revised to allow more time for strategic discussions leading up to the 2019 Board strategy meeting and a dedicated strategy input session has been scheduled ahead of the Board's strategy meeting.
People	Improve Board level visibility and focus on safety, talent and diversity	Board visibility on safety, diversity and talent will be enhanced by allocating greater Board time to these topics and improving committee reporting to the Board in these areas. The Board will continue to monitor progress of the <i>Elimination of Fatalities Taskforce</i> . The Nomination Committee will provide greater oversight of talent and diversity.
Succession planning	More frequent Board discussion of succession planning and review the geographic spread of the Board	The Board will continue to review succession plans for the GMC annually, and the Nomination Committee will review senior management succession annually. The Board's skills and capabilities matrix has been updated to better align with the Group's longer-term strategy.
Director development	Enhance the director induction and ongoing development programmes	The chairman and Group general counsel and company secretary will work together to prioritise and strengthen the director onboarding and development programme, to better align with the Group's strategic objectives.

Building on the priority areas identified and the actions taken during 2019, and taking account of the results of the 2019 evaluation, the Board has identified the following effectiveness priorities for 2020:

Topic	Areas identified for action
Strategy	Continue to devote even more of the Board's time to focus on strategic issues throughout the year. Fewer routine matters for discussion at Board meetings.
Long term trends and disruptions	Greater focus on climate change issues, our carbon footprint, and the circular economy.
Technology and innovation	More time should be dedicated to the Group's approach to technology and innovation.
People	More frequent discussion on senior management succession, and increase visibility and oversight of the management and development of talent in the organisation. Increase the Board's exposure to future leaders in the Group's talent pipeline.
Board deliberations	Continue to reduce the length of Board papers and allow more time for discussion rather than presentation.

An action plan is being developed to address these areas in 2020 and will be reported on in the 2020 Integrated Annual Report.

SUSTAINABILITY COMMITTEE



Ian Ashby
Chairman,
Sustainability Committee

Committee members

Ian Ashby – Chairman
(with effect from 30 April 2019)
Jack Thompson (resigned 30 April 2019)
Marcelo Bastos (appointed 1 April 2019)
Stuart Chambers
Mark Cutifani
Nolitha Fakude (resigned 31 August 2019)
Tony O'Neill
Mphu Ramatlapeng
Jim Rutherford

For more on biographies and Board experience details:
See pages 86–89

Business unit heads, Group directors of people and organisation, and corporate relations, the Group general counsel and company secretary and the Group head of safety and sustainable development also participate in meetings of the committee.

“Sustainability is at the heart of Anglo American. The Committee is instrumental in overseeing how the Group manages its most material sustainability issues.”

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 2019

The Committee met four times in 2019. 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.

The Committee seeks to address the fundamental root causes of all fatal incidents occurring across Anglo American.

In 2019, four members of the workforce lost their lives at the Group's managed operations. Preliminary observations from each of these fatal incidents were reported to the next Committee meeting following their occurrence, noting the factors surrounding the incidents, mitigation steps being taken and the process for formal investigation. Following completion of independent investigations, findings are presented to the Committee.

In addition to the Committee's standing agenda items, the following matters were discussed during 2019:

- Progress of the Group's *Elimination of Fatalities Taskforce*, designed to achieve a zero fatality business
- Sustainable Mining Plan implementation
- Business unit reports on safety and sustainability performance: Coal South Africa, Base Metals, Kumba Iron Ore, and De Beers

- Implementation of the *Elimination of Fatalities* Fire Risk Management Programme
- Progress on the geotechnical risk management for the Group's underground and open pit operations
- Water risks at Group operations
- Progress of dam wall raising activity at Minas-Rio
- Climate change scenario analysis and Scope 3 greenhouse gas emissions
- Reviews of the Group's Safety Organisation and post-incident medical care
- Results of external stakeholder research: corporate purpose, brand and reputation
- Development of a Group wellbeing framework to support employee wellness across the Group
- 2018 Social Way assessment results – improvements in performance on managing the social impacts of mining
- Development of The Social Way 3.0 – an update to our management system that is designed to meet stakeholder expectations
- Sustainability benchmarking – comparing performance and global trends across the industry
- Key legislative and regulatory developments in the sustainability area
- Review and amendments to the Committee's terms of reference.

An internal evaluation of the Committee was undertaken in 2019.

In October 2019, the Committee held one of its four meetings in South Africa. In August 2019, non-executive members of the Committee visited De Beers' Venetia mine and a number of the Group's Thermal Coal operations in South Africa (Greenside, Goedehoop and Khwezela). The Committee chairman and individual members have spent time at Group operations throughout the year. More information on non-executive directors' visits to Group operations can be found on page 97.

NOMINATION COMMITTEE



Stuart Chambers

Chairman,
Nomination Committee

Committee members

Stuart Chambers – Chairman

Ian Ashby (appointed 1 January 2019)

Nolitha Fakude (resigned 31 August 2019)

Byron Grote

Hixonia Nyasulu

(appointed 1 November 2019)

Anne Stevens

Jack Thompson (resigned 30 April 2019)

For more on biographies and Board
experience details:
See pages 86-89

The chief executive and the Group head of
people and organisation also attend meetings
of the committee.

“The Committee plays a vital role in ensuring we have an appropriate mix of skills, experience and diversity around the Boardroom table.”

Role and responsibilities

- Agreeing a skills, diversity and experience matrix for all directors (with the approval of the Board) to identify and address any skills gaps when recruiting new directors.
- Making recommendations as to the composition of the Board and its committees and the balance between the executive directors and non-executive directors in order to maintain a diverse Board with the appropriate mix of skills, experience, independence and knowledge.
- With the assistance of external search consultants, identifying and reviewing, in detail, potential candidates available in the market and agreeing a 'longlist' of candidates for each directorship. Following further discussion and research, deciding upon a shortlist of candidates for interview. Committee members interview the shortlisted candidates and make a recommendation to the Board.
- Ensuring that the human resources function of the Group regularly reviews and updates the succession plans for the directors and senior managers. These are presented to the Board by the chief executive (in the absence of other executive directors) and discussed.
- Formalising the search processes and making recommendations to the Board on the appointments of Marcelo Bastos, Hixonia Nyasulu and Nonkululeko Nyembezi as non-executive directors
- Recommending that the Board support the election or re-election of each of the directors standing at the AGM in 2019. The length of tenure of non-executive directors was taken into account when considering supporting their re-election, to ensure they remain independent and recognising the need to progressively refresh the Board
- The time commitment expected from each of the non-executive directors to meet the expectations of their role
- Succession planning for the Group chief executive
- Succession planning for the chairs of the Audit and Remuneration committees
- Committee membership changes for recommending to the Board in light of the new non-executive appointments
- Consideration of Stephen Pearce's appointment as a non-executive director of BAE Systems plc and making recommendations to the Board

The Committee's terms of reference are available to view online.

For more information, visit:
www.angloamerican.com/about-us/governance

Committee discussions and focus areas in 2019

The Committee met seven times during 2019. Discussions at the meetings covered the responsibilities outlined above, with a particular focus on non-executive appointments and succession planning.

The following matters were considered during 2019:

- The composition, structure and size of the Board and its committees, and the leadership needs of the organisation
- Approving the appointment of Spencer Stuart as external search consultant to facilitate non-executive appointments

The process used for Board recruitment is described on page 95 of this Report.

The results of the internally conducted Board and committee evaluation in 2019 are on page 100.

Information on the Group's policy on diversity and inclusion, and details of the gender balance of Anglo American's executive management, can be found in the People section on pages 36-41.

AUDIT COMMITTEE REPORT



Byron Grote
Chairman,
Audit Committee

Committee members

Byron Grote* – Chairman

Nolitha Fakude (resigned 31 August 2019)

Jim Rutherford

Anne Stevens

Nonkululeko Nyembezi (appointed
1 January 2020)

* Deemed to have recent and relevant financial experience in accordance with the UK Corporate Governance Code.

For more on biographies and Board experience details
See pages 86-89

The chairman, the chief executive, the finance director, the Group financial controller, the head of financial reporting, the Group head of risk management and business assurance and the Group general counsel and company secretary also participate in meetings of the committee.

“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.”

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, which in 2019 included conducting the tender process for the external audit services and making recommendations to the Board about the appointment, remuneration and terms of engagement of the external auditor.
- Reviewing the independence, effectiveness and objectivity of the external auditors.
- 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 45-49. 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.
- 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 auditors 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 2019 Integrated Annual Report
- External advisers provide advice to management and the Audit Committee on best practice with regards to the creation of the 2019 Integrated Annual Report
- A meeting of the Audit Committee was held in February 2020 to review and approve the draft 2019 Integrated Annual Report, in advance of the final sign-off by the Board. This review included the significant accounting matters explained in the notes to the consolidated financial statements
- The Audit Committee considered the conclusions of the external auditor over the key audit matters that contributed to their audit opinion, specifically impairments, taxation and environmental restoration and decommissioning obligations.

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 position, performance, business model and strategy. The Audit Committee and the Board are satisfied that the 2019 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 process which operates in creating the 2019 Integrated Annual Report, including:

Committee discussions in 2019

Throughout the course of 2019, and consistent with prior years, the Audit Committee paid particular attention to material accounting issues, tax matters and the Group’s liquidity position. In addition, there were in-depth discussions on ad hoc topics as requested by the Audit Committee; for example, covering the marketing business, Quellaveco, and cyber security. The Committee monitored the ongoing work to embed the Code of Conduct and reviewed the system of internal control and risk management.

An internal evaluation of the Committee was undertaken.

The Audit Committee held five meetings in 2019, covering the key topics set out on the following pages.

AUDIT COMMITTEE REPORT

CONTINUED

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, including the identification of impairment and impairment reversal indicators, the review of changes in the valuation of cash-generating units and associated sensitivity analysis, and the appropriateness of disclosures made within the 2019 Integrated Annual Report on key sources of estimation uncertainty. During 2019, the most significant assets considered were the following:

Minas-Rio

Minas-Rio was last impaired in 2015 by \$2.5 billion as a result of a deterioration in the long term outlook for iron ore prices. Prior to that date, impairment charges of \$5.0 billion and \$3.8 billion were recorded in 2012 and 2014. During 2019, operations at Minas-Rio achieved a successful ramp-up and the operating licence for the first tailings dam extension was awarded in December 2019. The Committee considered the long term outlook for iron ore, near term market forecasts and valuation scenarios presented by management. It was concluded that an impairment reversal of \$1.0 billion should be recognised at the December 2019 year end.

Thermal Coal

Certain assets within the South Africa Thermal Coal cash-generating unit (CGU) were cash flow negative at year end following lower forecast short and medium term thermal coal prices during 2019. After considering the sensitivity analysis presented by management, the Committee concluded that an impairment charge of \$585 million be recognised. The Isibonelo CGU was previously impaired in 2013 by \$143 million due to revised expectations of the operation's future profitability. The Committee concluded that an impairment reversal of \$46 million be recorded, reflecting management's revised expectations of the operation's future profitability. The Committee also concluded that an impairment of \$334 million be recorded for the Group's investment in Cerrejón, primarily due to lower forecast coal prices.

De Beers

The annual impairment assessment for goodwill relating to De Beers showed that the valuation headroom had reduced from \$1.9 billion to \$1.0 billion. At this stage, sufficient headroom still remains and, while the valuation is sensitive to changes in consumer demand impacting prices, the Committee concluded that no impairment at 31 December 2019 should be recorded. The Committee carefully considered the proposed disclosures to ensure it fully addressed the key judgements and, after management incorporated the recommendations of the Committee, approved the 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. After careful consideration of the valuation drivers of Barro Alto, Dawson, El Soldado, and Samancor, no impairments or impairment reversals were recorded for those assets.

► 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 and other drivers of movements in the amounts provided on the balance sheet and concluded that the provisions recorded as at 31 December 2019 appropriately reflected these updates.

► 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.

► 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.

The Group head of tax provided the Committee with updates throughout the year on various tax matters, including the status of tax audits, tax reporting, the current global tax environment and the status of uncertain tax provisions. In addition, the Committee discussed the recoverability of the Group's deferred tax assets, including its assets in Brazil, the value of which may be impacted by proposed tax reform. While all these matters are inherently judgemental, no significant issues arose during 2019.

► Legal matters

A provision is recognised where, based on the Group's legal views and, in some cases, independent advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. This requires the exercise of judgement.

The Committee was updated by the Group's general counsel and company secretary on the status of legal matters over the course of the year.

In July 2019, the South African Court approved a settlement agreement in relation to the consolidated class action filed in South Africa on behalf of former mineworkers (and dependants of deceased mineworkers) who allegedly contracted silicosis or tuberculosis as a result of working for various gold mining companies, including some in which Anglo American South Africa (AASA) was a shareholder and to which AASA provided services. The Committee was informed that the amounts currently provided sufficiently covered the settlement and the Committee concluded it was appropriate to maintain this provision. Payments to claimants from the independent Trust established to give effect to the terms of the settlement are projected to commence in 2020.

Various other legal matters were reviewed and the Committee considered management's assessment that there were no other 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 2019 appropriately reflected these updates.

In addition, the Committee reviewed the adequacy of the level of funding provided to the plans and the overall expense recognised for the year. The Committee assessed the appropriateness of the Group's overall risk management approach to retirement benefits.

► New accounting standards

The impact of new accounting standards, and any elections made in their application, involves judgement to ensure their adoption is managed appropriately.

IFRS 16 Leases was adopted by the Group on 1 January 2019. The Committee considered the disclosures in the notes to the financial statements prepared by management to explain the transition impact and concluded that these were appropriate.

The Committee reviewed management's impact assessment of other new standards and amendments which came into effect on 1 January 2019, but were not considered to have a material impact on the Group.

► Special items and remeasurements

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.

► Going concern basis of accounting in preparing the financial statements

The ability of the Group to continue as a going concern depends upon continued access to sufficient financing facilities. Judgement is required in the estimation of future cash flows and compliance with debt covenants in future years.

The Committee assessed the forecast levels of net debt, headroom on existing borrowing facilities and compliance with debt covenants. This analysis covered the period to 31 March 2021 and considered a range of downside sensitivities, including the impact of lower commodity prices and higher costs. The Committee concluded it was appropriate to adopt the going concern basis.

Liquidity management

► 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.

Response of the Audit Committee

During 2019, the Committee reviewed the profile of the Group's debt maturities and liquidity headroom in the context of capital expenditure requirements, free cash flow generation and dividend payments.

The Committee endorsed management's debt capital markets and banking plans for 2020, 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 2019, based on the payout-ratio-driven dividend policy.

During 2019, the Committee reviewed the proposals for payments of dividends, in accordance with the payout-ratio-driven dividend policy based on 40% of underlying earnings. The Committee endorsed the proposal by management, and recommended to the Board for approval, the payments of the 2018 final dividend and the 2019 interim dividend.

The Committee also recommended for approval by the Board a share buyback programme of up to \$1 billion.

AUDIT COMMITTEE REPORT

CONTINUED

Liquidity management (continued)	Response of the Audit Committee
► 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 44-45.	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 and the time period of the Viability Statement was appropriate, given the alignment with the budgeting and strategy process.
Risk assurance	Response of the Audit Committee
► Risk management The Group's risk profile and the process by which risks are identified and assessed.	The committee assessed the Group's risk profile, in particular the principal risks (see pages 46-49). 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 2019, the Committee reviewed work to mitigate cyber risk, data-protection risk, risks associated with the Quellaveco project, marketing and trading risks and the transition of audit work from Deloitte to PwC. The Committee evaluated the work being performed, progress made and provided challenge to satisfy itself that these risks were being adequately managed.
► Code of Conduct The implementation of the Code of Conduct and specific actions to mitigate risk of bribery and corruption.	The Committee reviewed the ongoing work to embed the Group's Code of Conduct. The Committee received updates on governance of the Code, ethical risk assessments performed and training provided. The Committee also assessed the work undertaken to mitigate the risk of bribery and corruption. Specifically, the Committee reviewed work to assess risk from use of intermediaries and interaction with public officials. The Committee reviewed the status of actions taken to implement the recommendations set out in the report from an external law firm which had reviewed the Group's policy and programme to manage bribery risk. All recommendations arising from the report were actioned by the end of 2019.
► 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 2019 plan.	The Committee received reports on the results of internal audit work, satisfying itself that the 2019 plan was on track, and discussed areas where control improvement opportunities were identified. The Committee reviewed the progress in completion of agreed management actions. The Committee reviewed the proposed 2020 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 extended audit work, evaluating the quality of the external audit and consideration of management letter recommendations.	The Committee reviewed the preliminary planning report from Deloitte in July 2019 and the final audit plan and fee were approved at the December meeting, 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 2020, the Committee reviewed the output of the external audit work that contributed to the auditor's opinion. The effectiveness, performance and integrity of the external audit process was evaluated through separate surveys for Committee members and management impacted by the audit, including business unit chief financial officers and heads of functions. The evaluation of the external audit concluded that the external auditor was independent, objective and effective in the delivery of the audit. Service levels had remained largely constant in key areas compared with the previous year. Results of the annual assessment were discussed with the external auditor who considered the themes for the 2019 audit approach, in particular with respect to greater focus on working with management through the audit planning and execution process and in providing insights to further strengthen the Group's internal control environment.

Ensuring independence of the external auditor

Anglo American's policy on auditors' independence is consistent with the ethical standards published by the Audit Practices Board.

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 three primary measures, namely:

- The prohibition of selected services – this includes the undertaking of internal audit services
- Prior approval by the Audit Committee chairman of non-audit services where the cost of the proposed service is likely to exceed \$100,000. All other non-audit services are approved by the finance director
- Disclosure of the extent and nature of non-audit services

Anglo American's policy on the provision of non-audit services is regularly reviewed.

The definition of prohibited non-audit services corresponds with the European Commission's recommendations on the auditor's independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

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 27% of the 2019 audit fee of \$9.9 million. A more detailed analysis is provided on page 205.

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 is five years and, for any key audit partner, seven years. Subject to the approval of shareholders at the 2020 AGM, the current audit partner, Kari Hale, will step down following the appointment of the new external auditor (see 'Audit tender and appointment of external auditor' below).
- Any Deloitte partner designated as a key audit partner of Anglo American 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 Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor.
- The Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary to resolve issues on the auditor's independence.
- An annual assessment is undertaken of the auditor's effectiveness through a structured questionnaire and input from all business units and Group functions covering all aspects of the audit process. The Audit Committee members also participate in this assessment, which evaluates audit planning, execution, communications and reporting. The assessment identifies strengths and areas for improvement, which are discussed with the auditor and action plans agreed. The assessment conducted in 2019 for the 2018 audit showed that the audit continued to be assessed as effective.

Conclusions of the Audit Committee for 2019

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.

Audit tender and appointment of external auditor

As advised in the 2018 Integrated Annual Report, Anglo American commenced a formal tender process for the appointment of a new external auditor for the 2020 financial year onwards. The tender process was carried out as directed by the Audit Committee and comprised the following steps:

- Inviting a number of audit firms to submit pre-qualification questionnaires to confirm their willingness to participate in the audit tender, their global capabilities and their assessment of independence
- Agreeing detailed selection criteria for the evaluation of the audit firms and a tender timetable to enable a smooth transition from the current auditor
- Interviewing and selecting potential lead audit partners
- Approving the Request for Proposal (RFP) that was issued in December 2018 to a shortlist of audit firms that met the pre-qualification criteria.
- Conducting a number of assessment workshops with the proposed audit teams, covering audit quality, inclusion and diversity, technical accounting and use of technology
- Receiving and reviewing tender proposals
- Oral presentations by the proposed audit firms to the Audit Committee
- Special meeting of the Audit Committee to discuss the merits of each firm and their respective teams. The Committee considered the views of the management team, the likely level of disruption as a result of any change, audit quality and capacity, and the cost proposals presented by each firm.
- Outcomes of the Audit Committee deliberations were presented to the Board.

AUDIT COMMITTEE REPORT CONTINUED

The tender process was completed in May and on 2 May 2019, the proposed change in statutory auditor was announced by the Board. From the 2020 financial year, if agreed by shareholders, PricewaterhouseCoopers LLP (PwC) will be the Company's statutory auditor. Resolutions to authorise the Board to appoint and determine the remuneration of PwC will be proposed at the AGM on 5 May 2020.

The Committee would like to thank each firm that participated in the tender and specifically thank Deloitte for their significant contribution to the Group over the years.

Risk management

Risk management is the responsibility of the Board and is integral to the achievement of our 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 Group's system of risk management and internal control is monitored by the Audit Committee under delegation from the Board.

The system of risk management is designed to ensure awareness of risks that threaten the achievement of objectives. The controls that mitigate those risks are identified so that assurance can be provided on the effectiveness of those controls and a determination can be made as to whether the risk is operating within the Group's risk appetite. We seek to embed a culture of risk awareness into the development of our strategic and operational objectives.

The process for identification and assessment of the principal risks combines a top-down and bottom-up approach. At the operations level, a process to identify all risks that prevent the achievement of objectives is undertaken. Detailed analysis of the material risks at each location is performed to ensure management understanding of the risk and controls that reduce likelihood of occurrence and impact should the risk materialise. These operational-risk profiles contribute to the assessment of risks at the business unit level. Executive management at each business unit assesses risks that threaten achievement of the business unit objectives and the status of controls, or actions, that mitigate those risks. At the Group level, risks are identified through assessment of global factors affecting the industry and the Group specifically, as well as the risks arising from the business unit assessments. Materiality of risk is determined through assessment of the various impacts that may arise and likelihood of occurrence. An exception relates to those risks deemed catastrophic in nature, where the focus of assessment is on impact and status of internal

controls, given the very low likelihood of occurrence. When considering the impact of any risk, we assess safety, environmental, financial, legal or regulatory, social and reputational consequences.

The robust process of identifying and evaluating the principal risks was in place during 2019 and is ongoing. Regular reports on the status of risks and controls are presented to executive management teams throughout the year. The Audit Committee reviews reports on the overall Anglo American risk profile on two occasions during the year and conducts in-depth reviews of specific risks during its meetings over the course of the year. Each principal risk is assigned to either the Board or the relevant Board committees to oversee executive management actions in response to that risk. The Audit Committee reviews that oversight process on an annual basis.

Details of the principal risks are provided on pages 46-49.

Risk appetite

We define risk appetite as 'the nature and extent of risk that Anglo American is willing to accept in relation to the pursuit of its objectives'. Each principal risk is assessed as to whether it is operating within the limit of appetite for the Group, based on review of the external factors influencing that risk, the status of management actions to mitigate or control the risk and the potential impact should the risk materialise. For risks operating beyond the limit of appetite, a change in strategy may be required. For risks operating within, but approaching the limit of, appetite, specific management actions may be required to ensure the risk remains within the limit of appetite.

Risk management and the system of internal control

Controls either reduce the likelihood or impact of any risk once it has occurred, 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 traditional 'three lines of defence' approach, with operating management implementing and monitoring controls on a day-to-day basis, and business unit or functional management providing a second line of defence through regular and frequent oversight of operating management's implementation of controls. A centrally managed internal audit department provides the third line of defence by reviewing

the design and operating effectiveness of the internal control environment, which includes the work performed by the first and second lines of defence management teams. Internal audit operated in all of the Group's managed businesses in 2019, reporting its work to executive management and the Audit Committee on a regular basis. The internal audit department's mandate and annual audit coverage plans were approved by the Audit Committee.

The scope of internal audit work covers the broad spectrum of risk to which the Group is exposed. The audit of controls associated with major operating/technical risks is undertaken in conjunction with relevant experts from the Technical and Sustainability function, the results of which were shared with the Sustainability Committee and Audit Committee.

In determining its opinion that the internal financial controls and internal control and risk management environment was effective during 2019, the Audit Committee considered the following factors:

- The results of internal audit work, including the response of management to completion of actions arising from audit work
- The key risk areas of judgement and estimation uncertainty within financial reporting and mitigating actions taken by management
- The output of risk management work
- The output of external audit work and other assurance providers
- Issues identified by management or reported through whistleblowing arrangements, and the results of investigations into allegations of breaches of our values and business principles.

Reviewing the effectiveness of the system of risk management and internal control

The Board, through the Audit Committee, fulfils its responsibility in reviewing the effectiveness of the system of risk management and internal control through review of reports submitted over the course of the year covering the risk management process, adequacy of the internal control environment, consideration of risk appetite, in-depth reviews of specific risks and the results of external audit work. The Sustainability Committee also reviews technical and safety risks in detail and reports its findings to the Board.

Reviewing the effectiveness of internal audit

The Committee assesses the work of internal audit on a regular basis through the receipt of reports on the progress of the internal audit plan and issues arising and through its annual committee evaluation. The Committee met with the head of internal audit, in the absence of management on two occasions during 2019. Furthermore, the chair of the Committee held regular one-to-one meetings with the head of internal audit. This enables further evaluation of the work performed.

Whistleblowing programme

The Group operates a multilingual whistleblowing facility which uses a reporting platform provided by a third party service provider. In 2019, the Group enhanced the programme. This included appointing a new whistleblowing platform service provider and rebranding the reporting channel from Speak Up to YourVoice. The programme continues to facilitate confidential and anonymous reporting of a wide range of concerns including:

- People
- Safety
- Legal and regulatory (including bribery and corruption)
- Fraud
- Information management
- Social and environment.

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 2019, we received 505 reports through the YourVoice channel, a 55% increase from 2018. We received a further 248 reports about procurement fraud committed by an external criminal syndicate in South Africa, and we continue to work closely with law enforcement authority on this. Of the 505 reports received, 63% were closed out in 2019, with a 24% substantiation rate. Corrective actions were taken against substantiated allegations in accordance with Group policies.

The steep rise in reports is attributed to the successful relaunch communication campaign, creating greater awareness and fostering a culture of trust among our employees and other stakeholders to raise their concerns with confidence. The promotion of this channel through other relevant Group-wide initiatives, policies, and programmes, also encouraged a healthier 'speak up' culture.

The increase in reporting numbers also facilitates the opportunity to take early remedial actions and enables management to address any systemic issues identified.

The Group reviews, assesses, and where necessary, investigates every report received through this programme.

The Audit Committee is charged with the responsibility of monitoring and advancing the programme on a continuous basis.

DIRECTORS' REMUNERATION REPORT



Anne Stevens

Chair
Remuneration Committee

Committee members

Anne Stevens – Chair
(with effect from 1 January 2019)

Ian Ashby
(appointed 1 January 2019)

Byron Grote

Jim Rutherford

Jack Thompson (resigned 30 April 2019)

For more on biographies and Board
experience details:
See pages 86-89

The chairman, chief executive, Group director
of people and organisation and the Group
head of reward also attend meetings of
the Committee.

“Our new directors' remuneration
policy incentivises and supports
the step change in operational
and financial performance
delivered as we unlock the
potential of our business.”

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.
- Consultation 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, visit
www.angloamerican.com/about-us/governance

Focus in 2019

- Development of the new directors' remuneration policy: aligning executive remuneration with our business strategy; incorporating best practice changes and recent changes to corporate governance; and further aligning our executives with shareholders.
- Confirmation of incentive results for the 2018 annual bonus, the 100% vesting of the 2016 LTIP and consequently the application of the vesting cap.
- Setting of incentive targets for 2019, including the 2019 annual bonus and 2019 LTIP.

Looking ahead to 2020

- Implementation of the newly developed remuneration policy.
- Review of corporate governance and remuneration trends and any implications for the Group.
- Selection and appointment of an adviser to the committee as a result of audit rotation.

An internal evaluation of the Committee was undertaken in 2019.

In 2019, the Committee developed a new directors' remuneration policy, the details of which can be found on pages 116-123. We consulted with shareholders regarding the changes, and the Committee is regularly updated on the corporate governance environment affecting executive and wider employee pay.

For details of the CEO pay ratio; and Gender Pay Gap in respect of Anglo American Services (UK) Limited:
See pages 137 and 139

INTRODUCTORY LETTER

Business and strategic context

With a clear focus on technology, digitalisation and sustainability, Anglo American has established the building blocks to achieve a step change in operational and financial performance in the next 3-5 years. The Group is adopting an innovative approach to sustainable mining by utilising new and existing technologies to improve safety, reduce its environmental impact, improve production, support thriving host communities and respond to stakeholder demands such as building trust in the provenance of products. The FutureSmart Mining™ programme provides the framework for this innovative approach and the Sustainable Mining Plan commits the Company to a series of ambitious goals to reduce the environmental impact, particularly in relation to climate change, greenhouse gas (GHG) emissions, and water usage.

New policy

As a Remuneration Committee, we have looked to ensure that these ambitious strategic goals are reflected and reinforced through the directors' remuneration policy and pay arrangements. In this way, we ensure that management is sufficiently incentivised; that outcomes reflect performance achieved and are proportionate to the remuneration of the wider workforce; and that returns to executives are aligned to the shareholder returns delivered.

Over the past 12 months, the Committee has invested time in reviewing the executive directors' remuneration policy to ensure the new policy reinforces Anglo American's strategy of unlocking the very significant additional potential seen in the business. The new policy, which will be brought to a shareholder vote at the AGM in May 2020, further aligns executive and shareholder returns and appropriately reflects developments in remuneration governance and investor expectations.

Shareholder support for Anglo American's current remuneration arrangements has been strong historically, and we believe these arrangements continue to be effective and serve our stakeholders well. We are therefore not proposing any changes to the overall structure of pay or to the quantum of incentive opportunity. We feel, however, there are some revisions required to further align with our strategic priorities over the next 3-5 years and to bring the policy in line with corporate governance changes and evolving investor expectations.

Shareholder consultation

During the last quarter of 2019, the Committee engaged extensively with shareholders and proxy advisors. The Committee found early engagement helpful in understanding shareholder views and in finalising the new policy. In the final round of engagement, with shareholders covering c.60% of issued shares, the proposed policy and revisions received overwhelming support. I would like to thank all those who took part in the consultation for their constructive engagement and comments.

Summary of proposed changes to policy

The main changes to the executive directors' remuneration policy for 2020 are set out below, with a rationale for why we believe the changes are appropriate.

1. Mitigating the impact of share price volatility on LTIP award values

For LTIP awards made in 2020 onwards, the existing cap on vesting value (Cap) will be replaced with a reduction to the size of award at grant if the Anglo American share price declines by 25% or more between consecutive award dates. The vesting Cap approach was introduced retrospectively in 2017, after the grant of an LTIP award following a steep decline in the share price and in response to investor feedback. In 2018, the Cap achieved its goal of constraining windfall gains resulting from share price volatility. We feel however, that the operation of the Cap creates potential misalignment with shareholders as it penalises (and disincentivises) strong performance post grant rather than addressing the original share price decline. The new mechanism is more appropriate going forward as it brings Anglo American in line with market practice and removes the risk of misalignment. This new approach better limits the dilutive impact of a share price fall, is more motivational and more closely aligns the interests of executives and shareholders.

2. Rebalancing the performance measures for LTIP awards

The policy wording on LTIP performance measures has been revised to provide some flexibility around measure selection for future award cycles. This change is intended to ensure that the LTIP awards made during the life of the policy can be structured to remain closely aligned with the Anglo American strategic priorities for the relevant three-year performance period.

The proposed measures for the 2020 awards are: relative Total Shareholder Return (TSR), comprising 50% of the award (down from 70% in 2019); ROCE and cumulative attributable free cash flow prior to capex, weighted 15% each and an upweighting to 20% for environment, social and governance (ESG) measures. For 2020, the ESG portion of the award will consist of three measures linked to tailings facilities, energy efficiency and GHG emissions. This provides a clear link with our Sustainable Mining Plan which commits us to ambitious goals relating to a healthy environment, particularly in relation to climate change and GHG emissions.

For specific details of the performance measures and targets for the 2020 LTIP:
[See page 135](#)

3. Rebalancing the performance measures in the annual bonus

The Committee is also proposing to rebalance metrics within the annual bonus to better reflect our strategic focus and the key concerns of our stakeholders. Going forward, a minimum of 50% of the bonus opportunity will be linked to financial performance (the previous policy specifies that this be linked to EPS); a minimum weighting of 15% will be linked to safety, health and environment (SHE); and individual objectives will be weighted no higher than 20% (previously 40%). The balance of the bonus opportunity will be linked to measures based on the Group's strategic priorities. The Committee will retain discretion to select the most appropriate measures and weightings each year, subject to the parameters above, to ensure continued alignment with strategic priorities and business needs as these evolve over the life of the policy.

For the 2020 annual bonus, we are proposing to retain EPS as the single financial measure, comprising 50% of the bonus weighting. SHE measures focused on injuries, the environment and our zero harm commitment will be upweighted to 20% of the bonus. Specific strategic objectives aligning bonus outcomes to delivery of the P101 and FutureSmart Mining™ programmes, will comprise 20% of the bonus, and individual objectives will be weighted at 10% (reduced from 40%).

The Committee will continue to apply a discretionary safety deductor to the total bonus outcomes to reflect any fatalities during the year.

For specific details of the performance measures for the 2020 annual bonus and their weightings:
[See page 135](#)

INTRODUCTORY LETTER CONTINUED

4. Promoting long term executive share ownership

The Committee supports the principle of long term share ownership that is promoted by the UK Corporate Governance Code (the Code) and believes that ensuring executives maintain a strong holding in the Company provides the best alignment with shareholders. The new policy focuses on strengthening the level of shareholding rather than how that holding is achieved. The share ownership requirement for executive directors is increased, from 300% to 400% of salary for the chief executive and from 200% to 300% of salary for other executive directors. A post-employment share ownership requirement is also introduced, where departing executive directors are required to hold the lower of their shareholding on exit and 100% of their required in-post share ownership for a period of two years post-termination. The level of bonus deferral will be reduced from 60% to 50% of bonus (deferred 17% for two years and 33% for three years), to align more closely with sector practice.

5. Bringing executive pensions into line with the wider workforce

The Committee supports the principle of harmonising pension contributions between executive directors and the wider workforce. Current pension arrangements within the UK workforce range from 8% to 15%, with an average contribution rate of 11%. The Company has conducted a review of pension provisions and concluded that a single pension contribution rate, expected to be set at 15%, should be applied. The Company plans to achieve this by phased increases over a three year period from 2020 for those members of the workforce currently below this level.

Going forward, new executive directors will be appointed on the same company contribution rate as the wider workforce. Furthermore, all three incumbent executive directors have agreed to a reduction to their pension contributions from 30% to 25% of salary from 1 January 2020, with further reductions of 3.33% each year until parity is achieved by the end of this policy.

We have also made other minor updates to the policy. The 5% limit on annual NED fee increases has been removed to reflect that we do not adjust NED fees on an annual basis. The details on malus and clawback are now specifically detailed in the policy. The wording relating to good leavers on a change in control has been clarified to state that awards are pro-rated for time and performance is taken into account.

 [For more on changes comparing the 2017 and the 2020 policies:](#)
[See page 114](#)

New share plan rules

The share scheme rules which govern our annual bonus and long term incentive plan awards have been reviewed and updated to reflect changes to the executive directors' remuneration policy. The plans are intended to operate on materially the same basis as the Company's current share schemes but include changes to align with developments and best practice in corporate governance and investor guidance, including revisions to the Code. These will be voted on at the AGM in May 2020.

Corporate governance changes

We have also taken a number of actions in response to the changes to corporate governance in the UK, and in formulating the new policy have had close regard to the principles in the Code of clarity, transparency, risk management, proportionality and alignment to culture and strategy.

Expanded remit

The revised Code expands the Committee's responsibility to take into account wider employee pay when determining remuneration policy and setting remuneration for executive directors and senior management. To reflect this expanded remit we updated our Terms of Reference in July 2019, and the Committee has discussed the changes that have been made to performance management and to remuneration structures. This included the introduction of incentives to various below-GMC level employees, intended to achieve the alignment of employee incentives to the Group's strategic targets.

Understanding the workforce voice

To facilitate the process of workforce engagement, the Board established a Global Workforce Advisory Panel, chaired by our senior independent director Byron Grote. The extra responsibilities for taking on this role are currently not being compensated by additional NED fees. Executive pay is one of the topics for discussion at the Panel.

The Board has considered the interests of a wider group of stakeholders than only shareholders. The Company conducted an in-depth global survey of our roughly 60,000 direct employees and will consider the responses in the performance of their duties.

CEO pay ratio

The updated Directors' Remuneration Reporting Regulations mandate that for financial periods starting on or after 1 January 2019, the ratio of the CEO's remuneration to the pay for an employee at the median, lower quartile and upper quartile of the UK employee population, must be disclosed. In our report last year, we voluntarily disclosed the CEO pay ratio at the median, which was 191:1 due to the unusually high LTIP vest value as a result of share price growth over the LTIP period. This year we can confirm that our pay ratio at the median is 139:1. While lower than last year, this ratio remains elevated owing to the LTIP vesting value being driven by the large increase in the share price since March 2017 and a high proportion of CEO pay being in the form of a share-based LTIP.

 [For more on CEO pay ratio:](#)
[See page 137](#)

Decision-making

In making decisions on remuneration outcomes and policy for the executive directors, the Committee has taken into consideration: Company performance which includes financial performance; progress in safety; personal achievements within the context of our strategic ambitions around innovation; and transforming our portfolio. We also consider shareholder opinion and shareholder experience, pay for the wider workforce, and the wider societal context. To avoid conflicts of interest, no executive director is present when their pay is discussed. We are aware that executive pay is contentious and aim to ensure our decisions strike a balance between incentivising the management team, paying for good performance and being equitable in the broader context.

2019 outcomes

Safety

The continued focus on achieving zero harm has resulted in best ever safety performance including a new record low injury rate in 2019, which improved by 17% compared with 2018. Tragically, we lost four colleagues in work related incidents at our managed operations. Whilst this represents the lowest level of fatalities in our business, any loss of life is unacceptable and this will be reflected in pay outcomes, with the Committee exercising its discretion to apply an 8% reduction to overall annual bonus outcomes. As mentioned before, our focus on safety will be reflected in the upweighting of the SHE measures to 20% in the annual bonus for 2020, and the continued application of a safety deductor.

Financial performance

The company continues to improve operating results, with further improvements in productivity and costs delivering a 9% increase in underlying EBITDA and a TSR of 31% for the year. Anglo American's profit attributable to equity shareholders was \$3.5 billion, in line with the prior year and underlying earnings were \$3.5 billion (2018: \$3.2 billion), enabling a \$0.8 billion share buyback in the year, and support of increased investment in growth projects across the business. Production is up 1% on a copper equivalent basis.

For full details of our annual financial results:
See page 1

Bonus outcomes

Underlying EPS increased 8% year on year, supported by cost and volume improvement but impacted by a number of external factors including drought conditions in Chile, power interruption (load shedding) in South Africa and weaknesses in diamonds and coal. EPS performance measured using fixed prices and foreign exchange (FX) rates was \$1.82 per share and resulted in a 33% vesting of the 25% of the annual bonus. The 25% of the annual bonus based on actual prices and FX rates resulted in a 47% vesting. The Committee only adjusts targets or outcomes in exceptional circumstances. On this occasion, the Committee has adjusted the target for EPS at fixed prices to reflect decisions made during the year in the best interests of shareholders and to avoid misalignment between the shareholders and management.

The Group delivered a best-ever safety performance and made further progress towards our environmental and health goals, resulting in a 90% payment against SHE targets.

Bonus outcomes after the safety deductor were between 58% and 59% of maximum, between 7% and 8% lower than the bonuses paid in respect of 2018, even though the Company's financial performance was strong over this period.

For more on bonus outcomes:
See page 127

2017-2019 LTIP outcomes

The shareholder experience over the three-year performance period of the LTIP was a positive one, with a TSR of 103%, which is significantly higher than that of the FTSE 100 index TSR of 20% and the Euromoney Global Mining Index TSR of 33%, resulting in full vesting of the TSR component.

The return on capital employed (ROCE) element vested at 94%, based on attributable ROCE of 19% for the year. Growth in operational cash flow was offset by increased capital expenditure of \$3.8 billion on growth projects. This results in attributable free cash flow of \$3.2 billion over the three years (2018: \$3.2 billion), leading to a 31% vest of this measure in the LTIP.

For the first time, ESG measures were introduced for the LTIP award granted in 2017. The ESG measures relating to CO₂ emissions and inhalable hazards vested at 100%.

The LTIP awards will therefore vest at 92.5% of maximum.

The vesting Cap that was introduced in 2017, which limits the value that can vest, will not come into force for the 2019 vesting based on current share prices.

Salaries

The Committee approved a 2% increase to executive directors' salaries in 2020, in line with the 2% increase awarded to the Group's UK based employees. The Committee took account of appropriate market benchmarks as well as pay in the wider workforce. Taking into account the reduction in pension contribution, equal to 5% of salary, overall levels of fixed pay in 2020 will be lower than those in 2019.

The Committee considered the operation of the policy in respect of 2019 and the pay outcomes for the year to be appropriate and reflective of performance.

Conclusion

FutureSmart Mining™ is at the heart of repositioning our business as we re-imagine mining to improve people's lives. Our new remuneration policy ensures that executive pay is aligned to and incentivises the delivery of that purpose.

Anne Stevens

Chair, Remuneration Committee

INTRODUCTORY LETTER

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SUMMARY OF REMUNERATION POLICY CHANGES FOR 2020

Element	2017 policy	2020 policy
PENSION		
Maximum opportunity	• 30% of salary	• Newly appointed directors: the same company contribution as the wider workforce • Incumbent directors: 25% of salary; this level will be reduced by 3.33% each year until parity is achieved
ANNUAL BONUS		
Form and timing of payment	• 40% cash award at end of year • 40% deferred into shares for three years • 20% deferred into shares for five years	• 50% cash award at end of year • 17% deferred into shares for two years • 33% deferred into shares for three years
Performance measures	• At least 50% based on EPS • Up to 50% based on a scorecard of measures covering individual objectives, strategic priorities and safety targets • Depending on safety performance, overall outcomes may be reduced	• At least 50% based on financial performance • At least 15% based on SHE measures • No more than 20% based on individual performance • Remainder based on strategic priorities • Depending on safety performance, overall outcomes may be reduced
LTIP		
Operation	• Value of award at vesting is limited to twice the face value of the award on grant (for 2017, 2018 and 2019 grants). Any gains above this level will be forfeited before the start of the two-year holding period	• Grant-date award opportunities will be reduced 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
Performance measures	• 70% based on relative TSR • 30% based on a balanced scorecard linked to the Company's KPIs	• Linked to the Group's strategic priorities and may include, but are not limited to, relative TSR, ROCE, free cash flow (FCF), and strategic objectives
SHAREHOLDING GUIDELINES		
In-post	• CEO: 300% of salary • Other executive directors: 200% of salary	• CEO: 400% of salary • Other executive directors: 300% of salary
Post-employment	• None	• 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
NED FEES		
Fee increases	• Fee increases limited to an annual increase of 5%	• Limit on fee increases removed, a limit on total board fees of £1.25m remains in place
MALUS AND CLAWBACK		
Trigger events	• Applies in the event of a material misstatement in results, misconduct and a material failing in risk management	• Malus and clawback provisions have been strengthened and the time period over which they apply has been clarified
POLICY ON TERMINATION AND CHANGE IN CONTROL		
Performance and time	• For good leavers, a time-pro-rated bonus award may be made with the Committee's approval, and will be paid wholly in cash • Number of shares vesting under the LTIP will be calculated by reference to the extent to which the performance conditions have been met	• Clarified and strengthened policy on termination and change in control; in particular, clarified that performance to date will be taken into account in the adjudication of incentive outcomes, and that time pro-rating will be applied, unless the Committee determines otherwise
DISCRETION		
Formulaic outcomes	• Not specifically detailed	• Discretion to adjust the formulaic outcome of the annual bonus and LTIP positively and negatively, based on the Group's underlying performance and any additional factors

SUMMARY OF 2020-2023 REMUNERATION POLICY COMPONENTS

Link to strategy	Key features								
FIXED PAY 									
Salary Recruitment and retention of high-calibre executives	- Reviewed annually by Remuneration Committee - Increases based on Group performance, individual performance, levels of increase for the broader UK population and inflation								
Benefits	- Include car-related benefits, medical insurance, personal-taxation and financial advice, among others - Capped at 10% of salary								
Pension Alignment with the wider workforce	- Newly appointed directors: same company contribution as the wider workforce - Incumbent directors: 25% of salary (reduced from 30%) from 1 January 2020. This level will be reduced further by 3.33% each year until parity is achieved								
ANNUAL BONUS      									
Cash Rewards delivery of strategic priorities and financial success	- Maximum bonus award of 210% of salary - Outcome based on financial, safety, strategic and individual objectives subject to a safety deductor 50% of bonus is paid in cash								
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 - Unvested Bonus Shares are subject to malus and clawback								
LTIP    									
Encourages long term shareholder return and accomplishment of longer term strategic objectives	- Shares granted with a face value of 300% of salary - Shares vest after a three-year performance period and released after a further two-year holding period - Vesting based on measures linked to strategic priorities and subject to malus and clawback								
SHAREHOLDING GUIDELINES									
In-post To align with long term shareholder interests	- CEO: 400% of salary - Other executive directors: 300% of salary								
Post-employment To align with long term shareholder interests	- Lower of the in-post requirement at the time of cessation and the actual shareholding at cessation - To be held for two years post-employment								

DIRECTORS' REMUNERATION POLICY

Executive director remuneration policy table

The Company's remuneration policy, as set out in the 2016 Annual Report and Accounts, received approval from shareholders at the AGM held on 24 April 2017. It was intended that this policy should apply until the Company's 2020 AGM.

As required, the Company will put the new remuneration policy, as set out on the following pages, to shareholders for a binding vote at the AGM on 5 May 2020. The intention is that the revised policy, if approved, will apply until the Company's 2023 AGM.

The table below sets out the key elements of executive directors' pay packages, including

how each element operates, as well as the maximum opportunity and our policy in relation to the performance linkage of each element.

FIGURE 1: KEY ASPECTS OF THE REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

	Operation	Opportunity	Performance measures
BASIC SALARY To recruit and retain high-calibre executives  People	Basic salary levels are reviewed annually by the Committee, taking account of factors including Company performance, individual performance, levels of increase for the wider workforce and inflation. Reference may also be made to median levels within relevant FTSE and natural resources companies. Alternative peer groups may be considered as appropriate. 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 needs to recognise, for example, development in role, change in responsibility and/or specific retention issues. External factors such as sustained high inflation may also be a consideration. In these circumstances, 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.	Individual performance is considered for context when awarding any salary increases.
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.	At least 50% of the annual bonus is linked to financial performance, and at least 15% is linked to safety, health and environment (SHE) measures. Individual performance will be weighted no more than 20%, with the balance linked to a scorecard of measures reflecting the Group's strategic priorities for that year. In addition, depending on safety performance during the year, the overall outcomes may be reduced.

FIGURE 1: KEY ASPECTS OF THE REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

	Operation	Opportunity	Performance measures
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.	Vesting is based on performance measures linked to the Group's strategic priorities and may include, but are not limited to, relative TSR, ROCE, FCF, and strategic objectives.
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.	All-employee share plans would normally operate without performance conditions.
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 (a UURBS). Executive directors may request a pension allowance to be paid in place of defined contribution arrangements.	<i>Newly appointed directors</i> New executive director appointments will receive the same company contribution as the wider workforce. <i>Incumbent directors (i.e. Mark Cutifani, Stephen Pearce, and Tony O'Neill)</i> Incumbent executive directors will receive a rate of company contributions of 25% (reduced from 30%) of salary from 1 January 2020. This contribution level will be reduced further by 3.33% each year until parity with the wider workforce is achieved.	None.

DIRECTORS' REMUNERATION POLICY

CONTINUED

FIGURE 1: KEY ASPECTS OF THE REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

OTHER BENEFITS	Operation	Opportunity	Performance measures
	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 pays additional benefits when specific business circumstances require it, including costs and allowances related to relocation and international assignments. 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.	None.

OTHER BENEFITS

To provide market-competitive benefits.

 People

Notes to the policy table

The Committee reserves the right to make non-significant amendments to the Policy without obtaining shareholder approval for that amendment.

Malus and clawback

Awards under the annual bonus (including both upfront cash payment 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. Clawback refers to the recovery of paid or vested amounts, and may be applied in the following certain circumstances:

- material misstatement in results;
- misconduct;
- material failing in risk management;
- error in calculation.

Malus refers to the reduction, including to nil, of unvested or unpaid awards. The Committee is able to apply malus to awards in the circumstances set out above, as well as other exceptional circumstances at the Committee's discretion.

Payments from previously agreed remuneration arrangements

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) under a previous policy, in which case the provisions of that policy shall continue to apply until such payments have been made; (ii) before the policy or the relevant legislation came into effect; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, 'payments' includes the satisfaction of awards of variable remuneration and, in relation to awards of shares, the terms of the payment which are agreed at the time the award is granted. Details of any such payments will be set out in the relevant year's Annual Report on Remuneration.

Discretion

In addition to the specific discretions set out in the policy table above and in the notes below, there are a number of other areas in which the Committee may exercise discretion, including:

- In respect of the annual bonus and the LTIP, the Committee has discretion to adjust the formulaic outcome positively and negatively based on a holistic assessment of the Group's underlying performance, and taking into account any additional factors it deems significant.
- The Committee also has the discretion to adjust the performance conditions and targets if an event occurs which makes such a variation necessary or desirable to ensure the conditions continue to be appropriate and capable of being measured on a fair and consistent basis in line with the Committee's intention in setting the original conditions.
- Under the BSP and the LTIP rules, the Company has the standard discretions relating to the operation of share plans, including discretion to take appropriate action in the event of unforeseen events which affect the awards (for example, on a variation in share capital) and to settle awards in cash, in exceptional circumstances.

The exercise of any discretion will be fully disclosed in the applicable statement of implementation of policy.

Shareholding guidelines

Within five years of appointment, executive directors are expected to hold shares in the Company with a value of four times basic salary in respect of the CEO and three times basic salary in respect of other executive directors. The Committee takes into consideration achievement against these in-post guidelines when making grants under the Company's various incentive plans.

In order to provide further long term alignment with shareholders, and in line with the UK Corporate Governance Code, executive directors will normally be expected to maintain a holding of Company shares for a period after their employment. Executive directors will normally be required to continue to hold the lower of the in-post requirement at the time of cessation and the actual shareholding at cessation. The requirement applies for a two-year period post-termination, and applies to all share awards granted under the BSP or LTIP from 2020 onwards.

Target setting

The Committee has a rigorous approach to determining performance measures, their weighting and target-setting. Targets are set taking into account a number of factors including internal and external forecasts, market practice, and past performance. The Committee reviews carefully targets prior to each award to ensure that they remain appropriately stretching.

Remuneration arrangements elsewhere in the Group

The remuneration arrangements for the executive directors outlined in the policy are broadly aligned with those for other executives serving on the GMC, although opportunity levels vary.

In determining remuneration policy and structures for executive directors, the Committee takes account of and ensures appropriate alignment with pay and related policy and outcomes for the wider employee workforce. The Committee maintains broad oversight of policies relating to pay and how these are implemented for the wider workforce and, through Board engagement, ensures that it has a good understanding of the views of employees and other stakeholders with regards to executive pay.

Approach to recruitment and promotion

The remuneration arrangements for a newly recruited or promoted executive director will reflect the remuneration policy in place for executive directors at the time of the appointment. The arrangements will therefore comprise basic salary, annual bonus, LTIP awards, benefits, pension and all-employee share plan participation on the bases set out above. As described above, any new executive director appointments will receive a maximum company pension contribution on the same company contribution rate as the wider workforce.

The initial basic salary level for a newly recruited or promoted executive director will be set to reflect the individual's experience, salary levels within the Company and market levels. Where basic salary is set below the level that might be expected, given the executive's relative inexperience, and the executive then develops successfully into the role, the Committee has the discretion to give a salary increase in the year(s) after appointment above the standard maximum level of 5% per annum, to gradually bring the individual to the appropriate salary level over two to three years.

For external appointments, the Committee may determine that it is appropriate to offer additional cash and/or share-based elements (i.e. buy-out awards) to replace any remuneration opportunity forfeited at a previous employer, when it considers this to be in the best interests of the Company and its shareholders. The terms of any buy-out awards will reflect the nature, time horizons, performance requirements of remuneration forfeited, and the likelihood of such requirements being met. The expected value of any such buy-out awards will be no higher than the expected value of remuneration or opportunity forfeited. Any such buy-out awards will typically be made under the existing annual bonus and LTIP schemes, although in exceptional circumstances, the Committee may exercise the discretion available under the relevant Listing Rule 9.4.2 R to make awards using a different structure. Shareholders will be notified of any buy-out awards at the time of appointment.

For internal appointments, any commitments made before appointment and not relating to appointment will be honoured according to their terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate.

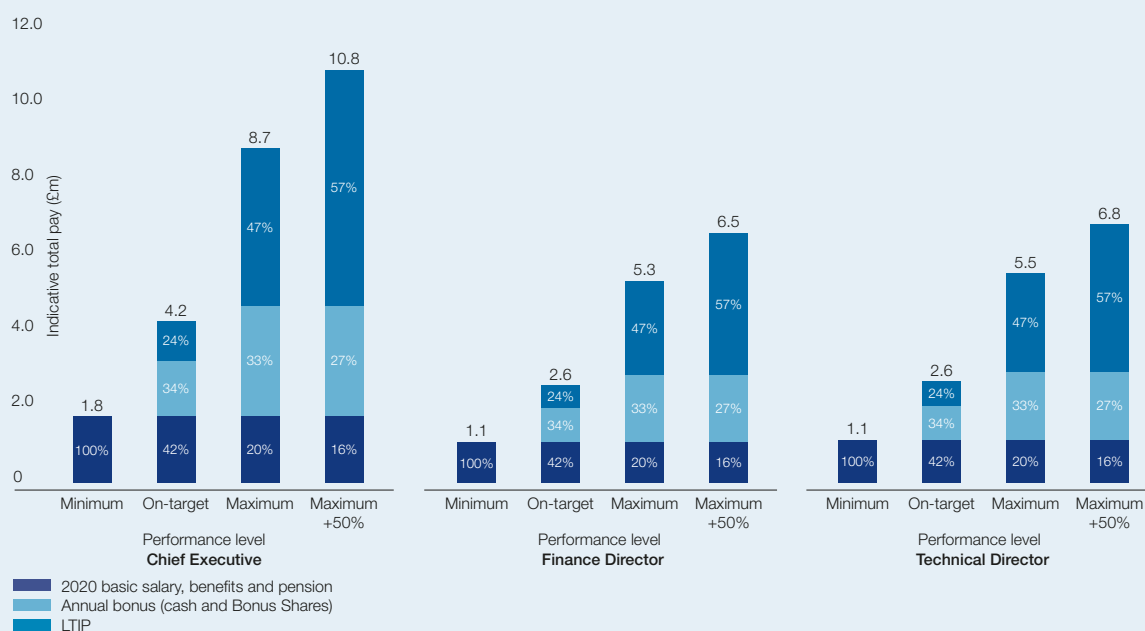
DIRECTORS' REMUNERATION POLICY

CONTINUED

Indicative executive director total remuneration at different levels of performance

The charts below illustrate how the total pay opportunities for the executive directors vary under four different performance scenarios: minimum, on-target (i.e. in line with the Company's expectations), maximum, and maximum plus 50% share price appreciation.

FIGURE 2: INDICATIVE EXECUTIVE DIRECTOR TOTAL REMUNERATION AT DIFFERENT LEVELS OF PERFORMANCE



Key assumptions:

Pay element	Minimum	On-target	Maximum	Maximum +50%
Fixed	2020 basic salary, benefits and pension	2020 basic salary, benefits and pension	2020 basic salary, benefits and pension	2020 basic salary, benefits and pension
Annual bonus	None	50% of maximum bonus opportunity	100% of maximum bonus opportunity	100% of maximum bonus opportunity
LTIP	None	25% of maximum LTIP opportunity	100% of maximum LTIP opportunity	100% of maximum LTIP opportunity, plus 50% share price appreciation

- Potential incentive opportunities are based on the maxima set out in the policy table (being 210% of salary in annual bonus, and 300% of salary in LTIP), applied to basic salaries effective 1 January 2020, of £1,371,333 for the chief executive, £826,468 for the finance director, and £857,084 for the technical director.
- The 2019 figures have been used for ongoing non-pension benefits.
- Dividend accrual has been excluded in all four scenarios; share price movement has been excluded from the 'minimum', 'on-target' and 'maximum' scenarios.
- Participation in the SAYE and SIP has been excluded, given the relative size of the opportunity levels.

Non-executive directors

Details of the policy on fees paid to non-executive directors (NEDs) are set out in the table below.

For more on current NED fees:
See page 132

FIGURE 3: FEES PAID TO NON-EXECUTIVE DIRECTORS

Element	Purpose and link to strategy	Operation	Opportunity
Company Chair fees	To attract and retain a high-calibre Company Chair by offering a market-competitive fee level.	The Company Chair is paid a single fee for all of their responsibilities. The level of this fee is reviewed periodically by the Committee and chief executive, with reference to appropriate market benchmarks, and a recommendation is then made to the Board (in the absence of the Chair). Fees are paid in cash, with the flexibility to forgo all or part of the net fees to acquire shares in the Company.	The current maximum annual aggregate basic fee for all NEDs, excluding the Company Chair, is £1,250,000. Any proposed revision to this limit would be subject to shareholder approval, as required under the Company's Articles of Association.
Chair benefits	To provide market competitive benefits.	The Company Chair is entitled to the reasonable use of a car and driver. Reasonable and necessary expenses are reimbursed.	
Non-executive director fees	To attract and retain high-calibre NEDs by offering market-competitive fees.	The NEDs are paid a basic fee. Additional fees are paid for chairing or being a member of one of the main Board committees, or acting as the senior independent director, to reflect their extra responsibilities. These fee levels are reviewed periodically by the Company Chair and executive directors, with reference to appropriate market benchmarks, and a recommendation is then made to the Board. Fees are paid in cash, with the flexibility to forgo all or part of the net fees to acquire shares in the Company. Reasonable and necessary expenses are reimbursed.	
Other fees/payments	To have the flexibility to provide additional fees/benefits if required.	The Company has the discretion to pay an additional fee, up to the equivalent of the Committee Chair fee, to a NED should the Company require significant additional time commitment in exceptional or unforeseen circumstances. Any such fees will be time-limited in nature.	

Policy on termination and change in control

Service contracts

Executive directors

The terms of employment are set out in the executive directors' service agreements which are rolling contracts with no fixed term.

Notice periods do not exceed 12 months.

Key terms of the policy on termination and change in control follow. The Company's policy on termination is consistent with provisions relating to termination of employment in the executive directors' service agreements and with provisions in the incentive plan rules. Also set out are the key terms relating to change in control, where there is no termination. There are no provisions for enhanced payments in the event of a change in control of the Company.

Non-executive directors

All NEDs have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM.

The Company Chair's appointment may be terminated by the Company with six months' notice. All other NEDs have a notice period of one month. The appointment letters for the Chair and NEDs provide that no compensation is payable on termination, other than any accrued fees and expenses.

DIRECTORS' REMUNERATION POLICY

CONTINUED

Policy on payments to executive directors leaving the Group

In the table below, a 'good leaver' is defined as an individual who leaves the business for reasons including retirement, redundancy, death, ill health, injury, disability, or any other reason as defined by the Committee. Where departure is on mutually agreed terms, the

Committee may treat the departing individual as a good leaver in terms of one or more elements of remuneration. The Committee uses this discretion judiciously and shareholders will be notified of any exercise of this discretion as soon as reasonable. A 'bad leaver' is typically an individual who has been terminated for cause.

FIGURE 4: PRINCIPLES OF DETERMINING PAYMENTS FOR LOSS OF OFFICE

	'Good leaver'	Voluntary resignation	'Bad leaver'
Salary and benefits for notice period	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or gardening leave period. The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any notice period, make a series of monthly payments based on salary and benefits (or make a lump sum payment based on salary only). Any monthly payments will be reduced to take account of any salary received from alternative employment.		Immediate termination with no notice period.
Bonus accrued prior to termination	A time-pro-rated bonus award may be made by the Company, with the Committee's approval and taking into account performance, and will be paid wholly in cash.	No accrued bonus is payable.	No accrued bonus is payable.
Unvested Bonus Shares	Normal circumstances Bonus Shares vest in full on the normal vesting date (i.e. awards will not vest early). Exceptional circumstances (e.g. death or other compassionate grounds). Bonus Shares vest in full, and are eligible for immediate vesting.	Awards forfeited.	Awards forfeited.
Unvested LTIP awards	Normal circumstances LTIP awards will typically vest on the normal vesting date, subject to the achievement of relevant performance conditions at the end of the normal performance period and, if applicable, released at the end of the holding period. Exceptional circumstances (e.g. death or other compassionate grounds.) LTIP awards may vest and be released on departure, subject to an assessment of the achievement of relevant performance conditions at that time. In all circumstances, awards are pro-rated for time to reflect the proportion of the performance period elapsed at the time of cessation.	Awards forfeited.	Awards forfeited.
Vested LTIP awards subject to holding period	Normal circumstances Vested LTIP awards that are subject only to a holding period will normally be released in full at the end of the holding period. Exceptional circumstances (e.g. death or other compassionate grounds.) Vested LTIP awards subject to a holding period may be released on departure.	If an employee resigns to join a competitor (as defined by the Committee), then even those vested LTIP awards that remain subject only to the holding period will be forfeited. Outside of these circumstances, such awards are released to the employee at the end of the holding period.	Awards forfeited.
SAYE and SIP	Outstanding shares and/or options under the Company's SAYE and SIP are treated in accordance with the relevant HMRC rules.		
Other	Limited disbursements (for example, legal costs, relocation costs, untaken holiday).	Limited disbursements may be paid at the discretion of the Committee.	None.
Malus and clawback	Malus and clawback provisions in the relevant incentive plan rules apply.		

Policy on change in control (without termination)

In respect of the annual bonus, the Committee will determine the most appropriate treatment for the outstanding bonus period according to the circumstances.

Any unvested Bonus Shares will vest in full at the time of the change in control.

Any unvested LTIP awards will vest at the time of the change in control, with vesting determined based on the Committee's assessment of the performance conditions and, unless the Committee determines otherwise, be subject to a time-based reduction.

Any vested LTIP awards subject to a post-vesting holding period will be released in full at the time of the change in control.

Consideration of the views of the wider workforce and shareholders

In reviewing and developing the remuneration policy, the Committee has taken into account:

- the internal context for remuneration policy design at Anglo American, including the remuneration arrangements that apply for other employee groups
- recent developments in the governance landscape for executive remuneration in UK-listed companies
- the views of our shareholders.

During 2019, the Committee Chair consulted with major shareholders and proxy advisors on the proposed revisions to the policy (and its implementation in 2020), incorporating feedback as appropriate. The Committee also listens to, and takes into consideration, investor views and comments throughout the year, and has incorporated all feedback received in drafting the policy presented in this report.

As a standing item in the annual agenda, the Committee reviews in detail how the remuneration arrangements for the executive directors compare to those for other members of the GMC and other executive levels, to ensure an appropriate balance between internal alignment and line of sight to an executive's own areas of responsibility. The Committee welcomes employee feedback on the remuneration policy and facilitates this through the wider engagement of employees on corporate matters as described elsewhere in this Annual Report. In addition, many of the Company's UK-based employees are shareholders, through the SAYE and SIP schemes, and they, like other shareholders, are able to express their views on directors' remuneration at each general meeting.

ANNUAL REPORT ON DIRECTORS' REMUNERATION

Remuneration for 2019 was based on the remuneration policy approved by shareholders at the 2017 AGM as set out below. Each component of remuneration is designed to reward the accomplishment of aspects of the Group's strategy. [For more on the pillars of value: See page 15](#)

[Link to strategy](#)

Key features

	2020	2021	2022	2023	2024	2025
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 workforce 30% of salary						
ANNUAL BONUS Cash Rewards delivery of strategic priorities and financial success - Maximum bonus award of 210% of salary - Outcome based on underlying EPS and individual/strategic/safety objectives subject to a safety deductor 40% of bonus is paid in cash Deferred shares Encourages sustained performance in line with shareholder interests 60% of bonus is deferred into shares (Bonus Shares) - Two-thirds will vest after three years and one-third after a further two years - Unvested Bonus Shares are subject to malus and clawback						
LTIP Encourages long-term shareholder return and accomplishment of longer-term strategic objectives - Shares granted with a face value of 300% of salary - Shares vest after a three-year performance period and released after a further two-year holding period - Vesting based on TSR performance and achievement against a balanced scorecard of financial and strategic measures and subject to malus and clawback						
SHAREHOLDING GUIDELINES In-post, to align with shareholder interests - CEO: 300% of salary - Other Executive Directors: 200% of salary						

[For more on the Purpose to Reward journey See pages 10-11](#)

KEY PERFORMANCE METRICS FROM 2020

Metrics	Pillars of value	Rationale
Safety and zero harm	Safety and health	Employee safety is the Group's first and most important value
Underlying EPS ^o	Financial	EPS links reward to delivery of in-year underlying equity returns to shareholders
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)
Group attributable ROCE ^o	Financial	ROCE promotes disciplined capital allocation by linking reward to investment return
Attributable free cash flow ^o prior to growth capex	Financial	Attributable free cash flow prior to growth capex incentivises cash generation for use either as incremental capital investment, for capital returns to shareholders, or debt reduction
Energy efficiency	Environment	Improvement in energy efficiency by the end of 2022
Greenhouse Gas intensity	Environment	Improvement in GHG intensity by the end of 2022
Tailings facilities	Environment	Implementation of Tailings Standard across the Group's tailings facilities

UNDERLYING EPS^o

\$2.75/share

2019	\$2.75/share
2018	\$2.55/share

THREE-YEAR SHAREHOLDER RETURN

103%

2019	103%
2018	285%

GROUP ATTRIBUTABLE ROCE^o

19%

2019	19%
2018	19%

2019 PAY OUTCOMES £'000

Mark Cutifani

2019	£1,786	£1,636	£7,558
2018	£1,749	£1,754	£11,859

Stephen Pearce

2019	£1,093	£1,002	£4,555
2018	£1,072	£1,088	£5,540

Fixed Bonus paid LTIP paid

- Fixed pay comprises salary, benefits and pension
- Bonus figures include deferred shares
- LTIP paid includes dividend equivalent amounts

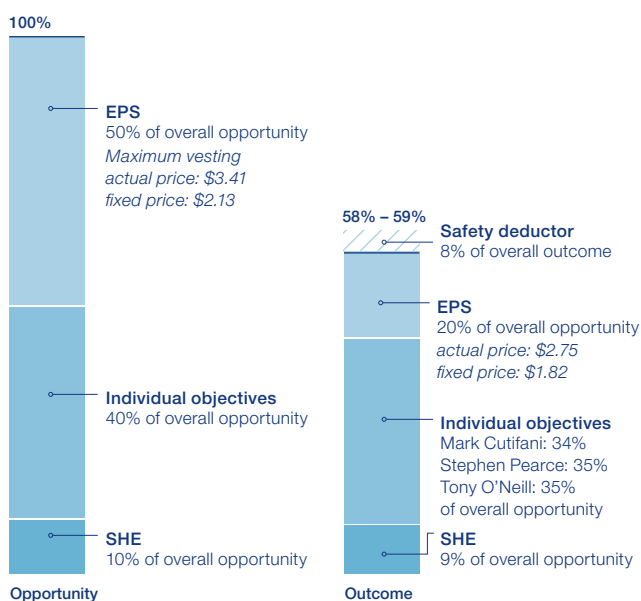
Tony O'Neill

2019	£1,126	£1,039	£4,723
2018	£1,102	£1,112	£6,358

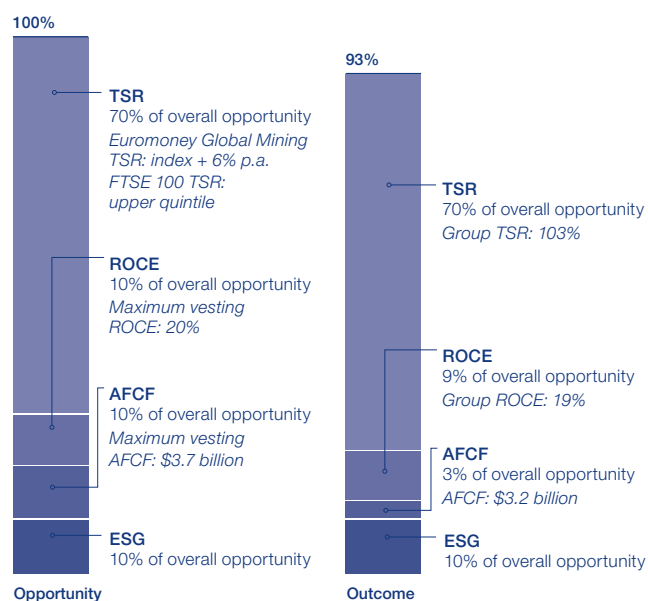
Executive directors are expected to build up and hold a percentage of their salary in shares (300% for the chief executive, 200% for other executive directors).

i For more information see Annual Report on Remuneration See page 134

2019 ANNUAL BONUS OUTCOME



2017 LTIP VESTING



ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

The information set out in this section (which constitutes the Implementation Report) has been subject to external audit.

Executive director remuneration in 2019

Figure 5 sets out the remuneration paid to the executive directors for 2019.

FIGURE 5: SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS

	Total basic salary £'000	Benefits in kind £'000	Annual bonus – cash and Bonus Shares £'000	LTIP ⁽¹⁾ award vesting £'000	Pension £'000	Other ⁽²⁾ £'000	Total 2019 £'000	Total 2018 £'000
Executive directors								
Mark Cutifani	1,344	39	1,636	7,558	403	275	11,255	
Mark Cutifani (2018)	1,318	36	1,754	11,859	395	274		15,636
Stephen Pearce	810	39	1,002	4,555	244	72	6,722	
Stephen Pearce (2018) ⁽³⁾	794	40	1,088	5,540	238	37		7,737
Tony O'Neill	840	34	1,039	4,723	252	177	7,066	
Tony O'Neill (2018)	824	33	1,112	6,358	245	173		8,745

⁽¹⁾ The LTIP vesting level was confirmed by the Remuneration Committee at its meeting on 17 February 2020. As the awards are due to vest after publication of this report, an average share price between 1 October 2019 and 31 December 2019, of £20.2548, was used to calculate the value and will be trued up in the 2020 report. The LTIP values shown include dividend equivalent amounts of £691,112 for Mark Cutifani, £416,516 for Stephen Pearce and £431,946 for Tony O'Neill. 48% of the value is attributable to a 92% growth in share price since grant. The values of LTIP awards that vested in 2019 have been restated using the share price at vesting of £20.09773, see page 131 for more details.

⁽²⁾ Other comprises the value of free and matching shares awarded under the SIP and dividend payments from unvested shares.

⁽³⁾ For Stephen Pearce, two buy-out awards vested, the second of which has been 'trued-up' using the share price at vest of £20.09773. See page 131 for more details.

Basic salaries for 2019

Figure 6 sets out the basic salaries for 2019.

Benefits in kind for 2019

Benefits for executive directors with a value over £5,000 are set out in Figure 7. The executive directors also receive tax advice, club membership, death and disability insurance, directors' liability insurance, medical insurance and other ancillary benefits.

FIGURE 6: BASIC SALARIES FOR 2019

MARK CUTIFANI

(2018: £1,318)

£1,344

STEPHEN PEARCE

(2018: £794)

£810

TONY O'NEILL

(2018: £824)

£840

(all amounts in '000)

FIGURE 7: BENEFITS IN KIND FOR 2019

	Car-related benefits £
Mark Cutifani	31,375
Stephen Pearce	30,006
Tony O'Neill	30,257

Annual bonus outcomes for 2019

Figure 8 shows the annual bonus outcomes for 2019.

The financial element of the bonus is measured against underlying EPS targets. In line with the prior period, 50% of the earnings element of the annual bonus was evaluated against fixed prices and FX rates, with the remaining portion evaluated at actual prices and FX rates. The fixed price and FX rate EPS portion is designed to monitor Group operational performance, excluding the impact of the variations in price and currency fluctuations. Both target ranges are illustrated in the table on the right, with 25% vesting for performance at threshold.

Underlying EPS increased by 8% in 2019, supported by continued cost and volume improvements, including a strong recovery at Minas-Rio but impacted by external factors including drought conditions in Chile, power disruption (load shedding) in South Africa and weaknesses in diamonds and coal.

EPS assessed at actual prices and FX rates for the year was 275 cps (2018: 255 cps) corresponding to a 47% (2018: 87%) vesting performance. EPS benefited from a 1% increase in the average market price of the Group's basket of products.

EPS assessed at fixed prices and FX rates was 182 cps (2018: 152 cps) corresponding to a 33% (2018: 29%) vesting performance. Vesting of the combined EPS element was 40% (2018: 58%). The EPS element corresponds to 50% of the annual bonus award, with the 40% outcome equivalent to 20% (2018: 29%) of overall opportunity.

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. However, the Committee reviews all incentive outcomes to ensure they align with the experience of shareholders. On this occasion, the Committee approved an adjustment to the annual bonus fixed price and FX rates EPS targets set at the start of the year to avoid penalising participants for making the most appropriate commercial decisions during the year to address material changes in market dynamics, and which were taken in shareholders' best interests. This adjustment had a positive 8% impact on the bonus relative to the previously-set targets. The Committee was satisfied that this adjustment was warranted given the overall strong financial performance during 2019 and felt that it avoided a potentially perverse incentive. The committee will take this adjustment into account when determining outcomes for 2020. The adjustment applied by the Committee was not in response to share price movement.

	Threshold	Maximum	Outcome	Vesting
Actual prices and FX rates	\$2.46/share	\$3.41/share	\$2.75/share	47%
Fixed prices and FX rates ⁽¹⁾	\$1.78/share	\$2.13/share	\$1.82/share	33%

⁽¹⁾ Targets adjusted to reflect market conditions combined with company response.

The executives' individual 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 Figure 11. These results reflect a strong performance that saw revenue increase by 8% to \$30 billion, underlying EBITDA grew by 9% to \$10 billion and a TSR of 31% for the year against a FTSE 100 TSR of 17% and a Euromoney Global Mining Index TSR of 23%. The portfolio was further strengthened, with Minas-Rio recovery ahead of plan, Quellaveco progressing on track to deliver first production in 2022, together with progress on a number of growth options within copper, PGMs, diamonds and metallurgical coal. Our P101 programme was delivered to target and significant progress was made on our FutureSmart Mining™ programme, with testing of bulk ore sorting at El Soldado, Barro Alto and at Mogalakwena and a coarse particle recovery pilot at El Soldado.

In 2019, our record on systemic safety, which is recognised in the SHE targets, was positive. The Group recorded an all-time low injury

frequency rate, with our total recordable case frequency rate (TRCFR) decreasing more than 20% over the three-year average. There were zero Level 4 and 5 environmental incidents and, in South Africa, 94% of the at risk employee population know their HIV status, and 92% of those identified as HIV-positive are having anti-retroviral treatment.

Tragically we lost four colleagues in work related incidents at the Group's managed operations. Whilst this represents an improvement on past results, any loss of life is unacceptable and will be reflected in an 8% reduction to overall bonus results for the executive directors and other leaders across the group. These fatal incidents highlight how important it is for us to continue to improve the safety of everyone associated with Anglo American, including beyond the mine gate.

FIGURE 8: ANNUAL BONUS OUTCOMES FOR 2019 (CASH AND BONUS SHARES)

MARK CUTIFANI
(2018: £1,754)

£1,636

STEPHEN PEARCE
(2018: £1,088)

£1,002

TONY O'NEILL
(2018: £1,112)

£1,039

(all amounts in '000)

FIGURE 9: SHE PERFORMANCE

	Weighting	2019 outcome
Total recordable case frequency rate (TRCFR) The Group achieved a 20% reduction, against a target of achieving a ≥15% improvement against the prior three year average.	2.0%	2.0%
Level 4/5 environmental incidents No level 4/5 environmental incidents occurred during 2019.	2.0%	2.0%
HIV management The Group achieved the target for both 90% of employees knowing their status and 90% of employees who are HIV+ receiving treatment.	2.0%	2.0%
Fatal Risk Management (FRM) The Group has critical controls in place for common fatal risks.	4.0%	3.0%
Overall		9.0%

FIGURE 10: SAFETY DEDUCTOR

8%

Safety deductor

A reduction on overall bonus values, reflecting the impact of fatalities on executive pay.

ANNUAL REPORT ON DIRECTORS' REMUNERATION

CONTINUED

FIGURE 11: ANNUAL BONUS PERFORMANCE ASSESSMENT FOR 2019

50% of each executive director's bonus outcome was assessed against an EPS target, with a 40% result. 40% of the bonus outcomes related to a set of individual objectives for the year. The achievement against these objectives are set out for each executive director below. 10% of the bonus outcomes are dependent on SHE targets with a 90% result. In addition, bonuses are subject to a safety deductor, which for executive directors resulted in an 8% deduction on overall values.

Mark Cutifani

	Percentage weighting	2019 outcome
Financial	50%	20%
SHE targets	10%	9%
Personal objectives	40%	34%
Total	100%	63%
Safety deductor	A percentage deduction from overall bonus outcomes	(8)%
Overall result	–	58%

Details of personal objectives	Achievement	Outcome
Portfolio (15%) - Deliver targeted progress on major projects - Deliver business streamlining projects - Identify endowment and Mineral Resource opportunities to cover Ore Reserve depletion in 2019	- Quellaveco on-track to deliver first production in 2022. Minas-Rio ramp-up exceeded plan, producing 23 Mt in 2019 compared with a sub-20 Mt initial outlook. Building of AMV3, the new De Beers vessel, remains on-track. - Andina pillar agreement signed with Codelco; Mototolo acquisition completed; Bokoni/Atlatsa transaction completed; Moranbah/Grosvenor equalisation transaction announced in November 2019. Share buyback programme announced. - Offer to acquire the entire issued and to be issued share capital of Sirius Minerals Plc has been announced, subject to regulatory and Sirius shareholder approval. Focused exploration programmes underway in several countries, deployment of portfolio-wide approach to near-asset drilling.	13%
Innovation (15%) - Deliver further uplift in asset performance, including EBITDA improvements through cost and volume gains - Execute pathways to support production growth of 20% by 2023 - Develop innovative technology and digital opportunities to further enhance the Group's value proposition - Deploy the Group's novel sustainability strategy	- Generated \$10 billion of EBITDA at a mining margin of 42%. Year-on-year CuEq production increased by 1%, CuEq unit costs flat (FX neutral). - Delivered \$0.4 billion of cost and volume improvements, offset by \$0.3 billion of headwinds including water constraints at Los Bronces, Eskom load shedding, lost sales due to rail and port constraints. - Implementation of plans on track to achieve 20-25% uplift in CuEq growth, including Quellaveco, Metallurgical Coal volumes, De Beers' new marine vessel. - Further advances in FutureSmart Mining™, including testing of bulk sorting technologies at El Soldado, Barro Alto, and Mogalakwena, and installation of a Coarse Particle Recovery pilot plant at El Soldado. De Beers advanced its presence in the laboratory grown diamond market via Lightbox, and its blockchain applications continue to mature. - Development of five-year sustainability plans per key site remain on-track, and scheduled for completion by end-2020. Compliance with sustainability roadmaps achieved in respect of communities, environment, and advocacy.	13%
People (10%) - Continue to strengthen the GMC and functional leadership - Embed a culture of safety, high performance and innovation - Deployment of the Operating Model (OM) - Deployment of the Group's Inclusion and Diversity strategy	- Successful execution of critical succession plan for Group Director – South Africa. - Refresh of executive succession plan informed by systematic capability assessment of 25+ senior executives. - Re-launch of the Group's values and associated leadership behaviours with broad employee engagement as measured by global employee engagement survey conducted in Q4. - OM implementation across the Group continuing at accelerated pace and supported by a standard organisation design to be implemented in all managed operations. - Women representation in senior management globally increased to 24% (from 21% at year-end 2018).	8%
Overall individual performance		34%

FIGURE 11: ANNUAL BONUS PERFORMANCE ASSESSMENT FOR 2019

Stephen Pearce

	Percentage weighting	2019 outcome
Financial	50%	20%
SHE targets	10%	9%
Personal objectives	40%	35%
Total	100%	64%
Safety deductor	A percentage deduction from overall bonus outcomes	(8)%
Overall result	–	59%

Details of personal objectives	Achievement	Outcome
Portfolio (10%) - Continue portfolio upgrading, complete announced acquisitions and disposals - With the technical director, deploy five-year capital plan and improve approvals process incorporating innovation and technology capital	- Bokoni/Atlatsa transaction completed; Moranbah/Grosvenor transaction announced in November 2019; Andina wall agreement concluded. Offer to acquire the entire issued and to be issued share capital of Sirius Minerals Plc has been announced, subject to regulatory and Sirius shareholder approval. - An improved integrated planning process incorporates optimised life of mine plans, advanced asset option evaluations, and improved project governance.	8%
Innovation (15%) - Achieve EBITDA improvement in 2019 and continue to execute plans to deliver \$3-4 billion improvement by 2022 - Achieve approvals for share buyback programme - Engage with credit agencies to maintain/improve the Group's rating - Improve debt repayment profile	- Generated \$10 billion of EBITDA at a mining margin of 42%. Year-on-year CuEq production increased by 1%, CuEq unit costs flat (FX neutral). - Delivered \$0.4 billion of cost and volume improvements, offset by \$0.3 billion of headwinds including water constraints at Los Bronces, Eskom power outages, lost sales due to rail and port constraints. \$3-4 billion improvement target by 2022 remains in place. \$1 billion share buyback programme approved by SA regulatory authorities and implemented. - Credit ratings maintained. Successful execution of debt strategy and capital market issues of \$2 billion. - Capital efficiencies for debt equity structures across the Group improved. In Peru, achieved a tax stability agreement and accelerated VAT recovery.	13%
People (10%) - Build finance team to support Group strategic objectives - Promote Inclusion and increase Diversity in the Finance function	- Successful execution of succession plans for several key Finance roles (Controller, Treasury, Tax, Business Assurance). - Women representation in Finance increased to 39%, ahead of target.	9%
Investor relations (5%)	- Active and ongoing engagement with shareholders, setting out the progress in achieving strategic objectives, as well as operating/financial performance. - Detailed planning and execution to manage the impact of activist shareholders exiting the share register.	5%
Overall individual performance		35%

ANNUAL REPORT ON DIRECTORS' REMUNERATION

CONTINUED

FIGURE 11: ANNUAL BONUS PERFORMANCE ASSESSMENT FOR 2019

Tony O'Neill		
	Percentage weighting	2019 outcome
Financial	50%	20%
SHE targets	10%	9%
Personal objectives	40%	35%
Total	100%	64%
Safety deductor	A percentage deduction from overall bonus outcomes	(8)%
Overall result	–	59%

Details of personal objectives	Achievement	Outcome
Portfolio (15%) - Execute Quellaveco per plan - Optimise the configuration of key assets and ensure the delivery of key projects - Identify endowment and Mineral Resource opportunities to cover Ore Reserve depletion in 2019	- Quellaveco on track to deliver first production in 2022. - Minas-Rio ramp-up exceeded plan, producing 23 Mt in 2019 compared with a sub-20 Mt initial outlook. - Work progressing to develop Mogalakwena expansion options. - Greenfield exploration programmes are underway in several countries. Airborne geophysics at Tapajos/Alta Florista was completed in 2019, and ground follow-up will continue in 2020. A portfolio-wide approach to near-asset drilling has been deployed.	13%
Innovation (15%) - Deployment of Group-wide safety intervention strategy - Deliver operating improvements from implementation of OM and P101 initiatives - Develop and implement a suite of FutureSmart Mining™ technologies - Commence implementation of a digital strategy - Execute strategy to ensure critical assets have integrity and maintenance strategies to support the longer-term production plan	- Recorded a further 20% year-on-year improvement in total recordable fatal incidents. Regrettably, four work related fatalities were recorded, representing the Group's lowest fatal injury count on record. Platinum recorded zero fatalities from managed operations in 2019, the first time ever. - Safety site reviews 100% complete. Verification audits of management actions allocated to each site are underway. - OM and P101 initiatives delivered in-line with targets, including a 15% year-on-year improvement in shovel performance. Longwall automation delivered record production. Record processing throughputs achieved at several sites. The 2019 underlying EBITDA impact of P101 initiatives was 33%, ahead of target. - Digital project milestones are on-track, including a Group-wide data lake supporting the P101 programme. Also, longwall cavity prediction tools, reserve reporting tools, assisted core logging, and other digital initiatives are gaining traction. - Optimised asset tactics deployed at 43 sites during 2019, and all identified P101 equipment work has commenced.	13%
People (10%) - Execute development plan for technical talent with an emphasis on capability and diversity - Deployment of the OM	- Talent reviews conducted on all technical disciplines lead to an increase in cross-BU appointments. - All General Managers (GM) went through a thorough capability assessment and are equipped with a robust individual development plan to ensure consistency of leadership capabilities across the Group. - Regular face-to-face engagement with GMs to ensure collective ownership and effective execution of the group-wide performance improvement initiatives. - OM implementations across the Group continuing at accelerated pace and supported by a standard organisation design to be implemented in all managed operations. Operational risk management integrated into work management. Ongoing coaching of operational leaders on the use of OM tools to identify, prioritise and execute P101 initiatives.	9%
Overall individual performance		35%

The key individual performance measures are assessed against the overall operational and financial performance of the business. In 2019, the benefits were felt from product and market diversification with strong PGMs and iron ore prices offsetting weaknesses in diamonds and coal, and the effects of reductions in copper production through lack of water in Chile and power outages in South Africa.

The personal performance outcomes set out in the previous pages, combined with the 40% EPS achievement and an overall safety performance of 90%, have generated overall bonus outcomes of 63%, 64% and 64%. When applied to the maximum bonus of 210% of salary, these performance outcomes translate into bonuses of £1,778,699, £1,088,993, and £1,129,334 for Mark Cutifani, Stephen Pearce and Tony O'Neill respectively.

Once the safety deductor of 8% for 2019 is applied to this outcome, the resultant bonus values are £1,636,403, £1,001,873, and £1,038,987.

40% of the total bonus is payable in cash, with 60% deferred into Bonus Shares. Two-thirds of the Bonus Shares will vest after three years, subject to continued employment; the remaining third will vest after five years.

LTIP award vesting

In 2017, Mark Cutifani, Stephen Pearce and Tony O'Neill received LTIP grants of 366,606, 220,944 and 229,129 conditional shares respectively, with vesting subject to:

- the Group's TSR performance relative to:
 - the Euromoney Global Mining Index; and
 - FTSE 100 constituents over the three-year period to 31 December 2019;
- Group attributable ROCE in year to 31 December 2019;
- three year Group attributable FCF to 31 December 2019;
- CO₂ emissions; and
- inhalable hazards.

Performance over the three year period was strong, with shareholders seeing a TSR of 103.4%, well above the FTSE 100 index TSR of 20% and the Euromoney Global Mining Index TSR of 33.5%. Return on capital and operational cash flow were adversely impacted by increased capital expenditure on growth projects.

As outlined in Figures 12 and 13, the 2017 LTIP performance assessment resulted in an overall achievement of 92.5%. At a 92.5% vest and based on current share price, the Cap on vesting value does not come into effect.

Discretion

The Committee approved no adjustments to the LTIP targets or outcome.

Restatement of 2016-2019 LTIP vesting

The LTIP amounts shown in last year's report in respect of the LTIP's granted in 2016 were calculated on an 'expected' basis using an assumed share price of £16.716. The value of these shares at vesting is detailed in Figure 14.

In accordance with the rules of the Cap, the number of shares to be forfeited is determined using the average share price over the three months to vest, which was £18.26013. This resulted in the forfeit of a higher number of shares by each executive than was shown in last year's report.

FIGURE 12: PERFORMANCE ASSESSMENT FOR 2017 LTIP AWARDS

Measure	Threshold performance (25% vesting)	Stretch performance (100% vesting)	Actual performance	Vesting outcome
Euromoney Global Mining Index TSR (47% of total award)	33.5% (index TSR)	56.6% (index TSR + 6% p.a.)	103.4% (index TSR + 16.6% p.a.)	100%
FTSE 100 constituents TSR (23% of total award)	14.5% (median TSR)	54.4% (upper quintile TSR)	103.4%	100%
Group attributable ROCE (10% of total award)	10%	20%	19.16%	94%
Accumulative free cash flow ⁽¹⁾ (10% of total award)	\$3.2 billion	\$3.7 billion	\$3.2 billion	31%
CO ₂ emissions (5% of total award)	20% reduction by end of 2019	22% reduction by end of 2019	24%	100%
Inhalable hazards (5% of total award)	6% reduction by end of 2019	10% reduction by end of 2019	14%	100%

⁽¹⁾ Throughout the Remuneration Report, this cashflow target is measured as 2017-2019 cumulative attributable free cash flow (AFCF) at fixed price and FX rates.

FIGURE 13: TOTAL OUTCOME INCLUDING IMPACT OF THE CAP (2017 LTIP)

	92.5% ⁽¹⁾	Capped value ⁽²⁾	Dividend equivalents on vested value ⁽³⁾
Mark Cutifani (maximum opportunity 300% of salary)	£6,866,390	£7,715,590	£691,112
Stephen Pearce (maximum opportunity 300% of salary)	£4,138,197	£4,649,987	£416,516
Tony O'Neill (maximum opportunity 300% of salary)	£4,291,499	£4,822,249	£431,946

⁽¹⁾ This does not include dividend equivalents.
⁽²⁾ 2017 LTIP vesting does not exceed the Cap. Values based on a share price of £20.2548. See note (1) to Figure 5 for further information.
⁽³⁾ Based on shares received on the vested amount, using the average share price for 1 October to 31 December 2019 of £20.2548.

FIGURE 14: TOTAL OUTCOME INCLUDING IMPACT OF THE CAP (2016 LTIP) - RESTATEMENT

	Number of shares vesting ⁽¹⁾	Actual number of shares vesting ⁽²⁾	Actual value of award at vesting ⁽³⁾	Dividend equivalents value
Mark Cutifani	610,139	558,544	£11,225,465	£633,908
Stephen Pearce ⁽⁴⁾	—	301,462	£5,428,738	£110,962
Tony O'Neill	327,083	299,424	£6,017,738	£339,825

- ⁽¹⁾ Number of shares vesting under the Cap determined by share price of £16.716 as stated in the 2018 Annual Report.
⁽²⁾ Number of shares vesting under the Cap is determined by average share price for three months prior to vesting of £18.26013.
⁽³⁾ The share price on vesting was £20.09773.
⁽⁴⁾ For Stephen Pearce two awards vested, both granted as buy-outs on joining. 203,692 shares vested in July 2018. 97,770 shares vested in March 2019 and are restated using the share price at vesting of £20.09773.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

Pension

The pension contribution amounts in Figure 15 should be read in conjunction with the following information:

- the total amount of pension contributions treated as having been paid into the UURBS for Mark Cutifani, Stephen Pearce and Tony O'Neill is £393,336, £60,768 and £242,088 respectively
- contributions treated as being paid into the UURBS earn a return equivalent to the Group's pre-tax sterling nominal cost of debt, capped at a rate determined by the Committee. The total return earned in 2019 was £38,335 for Mark Cutifani, £4,608 for Stephen Pearce, and for Tony O'Neill £21,297
- as at 31 December 2019, the total balance due to executive directors in relation to the UURBS was £1,682,861. Retirement benefits can only be drawn from the UURBS if a member has attained age 55 and has left Group service.

External directorships

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board. If approved, they may each retain the fees payable from only one such appointment.

In the year, Mark Cutifani retained fees for one external directorship, at Total SA, amounting to €96,356 for 2019. Stephen Pearce retained fees for one external directorship, at BAE Systems plc, amounting to £51,167 for 2019.

Other director remuneration in 2019

Non-executive director remuneration

Figure 16 sets out the remuneration paid to the Company's NEDs in 2019. 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.

The current annual fees for non-executive directors are set out below:

- Chairman – £700,000⁽¹⁾
- Non-executive director base fee – £90,000
- Chair of the Audit, Remuneration or Sustainability Committees – £30,000
- Senior independent director – £30,000
- Committee membership – £15,000 for serving on each of the Audit, Remuneration or Sustainability Committees; £10,000 for the Nomination Committee

⁽¹⁾ Includes service on any Board committee.

FIGURE 15: PENSION FOR 2019

	DC contribution (£'000)	Cash allowance (£'000)	UURBS contribution (£'000)	NIC paid by Company (£'000)	Total (£'000)
Mark Cutifani	£10		£393		£403
Stephen Pearce		£161	£61	£22	£244
Tony O'Neill	£10		£242		£252

FIGURE 16: SINGLE TOTAL FIGURE OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS

	Total fees 2019 (£'000)	Benefits in kind 2019 (£'000) ⁽³⁾	Total 2019 (£'000)	Total fees 2018 (£'000)	Benefits in kind 2018 (£'000) ⁽³⁾	Total 2018 (£'000)
Non-executive directors						
Stuart Chambers	700	5	705	700	7	707
Ian Ashby	132		132	91		91
Marcelo Bastos ⁽¹⁾	77		77			
Nolitha Fakude ⁽²⁾	78		78	101		101
Byron Grote	169		169	126		126
Sir Philip Hampton ⁽³⁾				156		156
Hixonia Nyasulu ⁽¹⁾	15		15			
Mphu Ramatlapeng	101		101	91		91
Jim Rutherford	126		126	111		111
Anne Stevens	139		139	106		106
Jack Thompson ⁽⁴⁾	44		44	126		126

⁽¹⁾ Marcelo Bastos and Hixonia Nyasulu were appointed during 2019; which therefore includes part-year figures.

⁽²⁾ Nolitha Fakude resigned as a NED on 31 August 2019 following her appointment to the GMC in September 2019. The figure above relates only to her NED fees during the year.

⁽³⁾ Sir Philip Hampton resigned from the Board with effect from 31 December 2018.

⁽⁴⁾ Jack Thompson resigned from the Board during 2019; which therefore includes part-year figures.

⁽⁵⁾ Relates to travel expenses during the year.

Payments for past directors

In addition to retirement benefits, the Company continues to provide seven former executive directors with private medical insurance arrangements. The annual cost to the Company is minimal. The Committee continues to meet these longstanding commitments, but no new commitments have been made recently or will be made in future.

As announced previously, the former Finance Director, René Médori, was entitled to receive a pro-rata vesting of his 2016 LTIP, which as set out in last year's report, vested at 100%. René Médori received in total 261,341 shares, valued at £5,252,361 using a vesting share price of £20.09773.

Scheme interests granted during 2019

The information in this section has been subject to external audit.

Figure 17 summarises the deferred bonus awards and longer-term, conditional share awards granted to executive directors during 2019. Receipt of these long-term awards is dependent on the Group's performance over 2019-2021, and to the maximum vesting value imposed by the Committee, as detailed below.

The value of Bonus Shares awarded to directors in respect of 2019 is included in the annual performance bonus figures, set out in Figure 8. They are also included in Figures 17 and 18.

FIGURE 17: SUMMARY OF CONDITIONAL SHARE AWARDS AND OPTIONS GRANTED IN 2019

Type of award	Performance measure	Vesting schedule	Performance period end	Director	Basis of award	Number of shares awarded	Face value at grant ⁽¹⁾
Bonus Share Plan	–	–	–	Mark Cutifani	60% of bonus	51,971	£1,052,309
				Stephen Pearce	60% of bonus	32,236	£652,715
				Tony O'Neill	60% of bonus	32,956	£667,293
LTIP share awards	TSR vs. Euromoney Global Mining Index (47%)	25% for TSR equal to the Index; 100% for the Index +6% pa or above	31/12/2021	Mark Cutifani	300% of salary	199,196	£4,033,321
				Stephen Pearce	300% of salary	120,050	£2,430,772
				Tony O'Neill	300% of salary	124,497	£2,520,815
	TSR vs. FTSE 100 constituents (23%)	25% for TSR equal to median; 100% for 80th percentile or above					
	Balanced Scorecard 30%	ROCE (10%)⁽²⁾ 25% for 12%; 100% for 20%					
		Cumulative attributable free cash flow (10%) Water Management Standard (7%) Employee wellbeing (3%)					

⁽¹⁾ The face value of each award has been calculated using the share price at time of grant, £20.248, for the BSP and LTIP awards. As receipt of the LTIP awards is conditional on performance, the actual value of these awards may be nil. In addition, the maximum value that may be received from the LTIP in the year of vesting is limited for each executive director to 200% of the face value at grant. Any value over this level will be forfeited. Vesting outcomes will be disclosed in the Remuneration Report for 2021.

⁽²⁾ ROCE target reduced in 2019 compared to 2018, to reflect investments including P101, Quellaveco, and other transformation activities.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

Total interests in shares

Figure 18 summarises the total interests of the directors in shares of Anglo American plc as at 31 December 2019. These include beneficial and conditional interests.

As already disclosed, Mark Cutifani is expected to hold interests in shares to a value of three times basic salary (built up over five years), and for Stephen Pearce and

Tony O'Neill to a value of two times salary.

At the date of preparation of this report, Mark Cutifani has net shareholdings (including Bonus Shares) equal to 1425% of basic salary, 572% for Stephen Pearce and 1231% for Tony O'Neill, calculated using the average share price between 1 October and 31 December 2019 of £20.2548.

Differences from 31 December 2019 to 19 February 2020

Mark Cutifani's, Stephen Pearce's and Tony O'Neill's interests increased by 28, 26 and 28 shares respectively during the period between 31 December 2019 to 19 February 2020, as a result of the acquisition of shares under the SIP. Their total holdings therefore increased to 1,761,244; 712,077; and 1,016,832 respectively. There have been no other changes in the interests of the directors in shares between 31 December 2019 and 19 February 2020.

FIGURE 18: SHARES IN ANGLO AMERICAN PLC AT 31 DECEMBER 2019

Directors	Beneficial	Within a holding period	Conditional (no performance conditions)		Conditional (with performance conditions)		Total
			BSP Bonus Shares	SAYE/SIP	LTIP	Other	
Mark Cutifani	274,126	392,030	298,300	8,695	788,065	–	1,761,216
Stephen Pearce	159,582	–	73,682	3,841	474,946	–	712,051
Tony O'Neill	120,354	210,369	190,147	3,394	492,540	–	1,016,804
Stuart Chambers	9,558	–	–	–	–	–	9,558
Ian Ashby	–	–	–	–	–	–	–
Marcelo Bastos	940	–	–	–	–	–	940
Byron Grote ⁽¹⁾	39,396	–	–	–	–	–	39,396
Hixonia Nyasulu	–	–	–	–	–	–	–
Mphu Ramatlapeng	7,094	–	–	–	–	–	7,094
Jim Rutherford	34,261	–	–	–	–	–	34,261
Anne Stevens	2,122	–	–	–	–	–	2,122
Former directors							
Nolitha Fakude ⁽²⁾	2,035	–	–	–	–	–	2,035
Jack Thompson ^{(1) (3)}	14,950	–	–	–	–	–	14,950

⁽¹⁾ Included in the beneficial interests of Byron Grote and Jack Thompson are shares held via unsponsored ADRs.

⁽²⁾ Nolitha Fakude resigned as a NED with effect from 31 August 2019, her interests are shown at her resignation date.

⁽³⁾ Jack Thompson resigned with effect from 30 April 2019, his interests are shown at his resignation date.

Statement of implementation of policy in 2020

The Group's proposed policy on executive director remuneration is shown in the policy statements in Figure 1. Figure 19 summarises how that policy will be implemented in 2020.

The annual bonus measures in 2020 are considered by the Board to be commercially sensitive, although they will be disclosed in the 2020 remuneration report. Specific details of the individual and strategic performance

targets for 2020 will also be included in the 2020 Annual Report on Remuneration.

In line with the proposed policy, the weighting of the TSR element of the 2020 LTIP has been lowered to 50% (from 70%). Financial measures based on ROCE and ACF prior to growth capex will account for 15% each (previously 10%). ROCE ensures executive remuneration outcomes are linked to the strategic goal of disciplined capital allocation. ACF ensures executives are rewarded for

success in the Group's goal of reducing net debt through cash generation.

AFCF prior to growth capex has been selected in response to planned expenditure in support of growth.

Climate change continues to be one of the defining challenges of our time. Considerations regarding climate change and the broader environmental impact of our business are an important focus of our strategic planning and business decision making. We have identified three key priorities within our environmental strategy, with measurable targets and goals to ensure a linkage between executive pay and attainment of our environmental targets.

The broader goals within the Sustainable Mining Plan are a 30% net reduction in GHG emissions and a 30% improvement in energy

efficiency by 2030 against a 2016 baseline. In 2019, the GHG emission target for 2020 was met a year ahead of schedule, but the Group is currently finding challenges around meeting the energy efficiency target.

For the three year performance period of the LTIP we have rebased to achievement at the end of 2019, and set stretching targets relating to increasing our energy efficiency and reducing GHG intensity (6% weighting each).

We also have a 8% weighting on the implementation of the Anglo American Standard on tailings (which exceeds industry standards) – a key deliverable for the global industry.

The three-year cumulative AFCF prior to growth capex target within the LTIP is considered by the Board to be commercially

sensitive; disclosing it will enable competitors to derive information as to our detailed business plan. The actual targets, along with the outcomes, will be disclosed in the 2022 remuneration report. The definition of AFCF prior to growth capex can be found on page 229.

Outstanding LTIP awards

As explained in the 2016 Annual Report on Remuneration, the value that can be received from awards granted from 2017 to 2019 is limited to twice the face value at grant.

FIGURE 19: SUMMARY OF KEY REMUNERATION ASPECTS IN 2020

Element	Financial measure, weighting and component detail	Strategic measure, weighting and component detail	SHE/ESG measure, weighting and component detail	Personal measure, weighting and component detail	Director	Level
Basic salary	–	–	–	–	Mark Cutifani	£1,371,333 (2% increase)
					Stephen Pearce	£826,468 (2% increase)
					Tony O'Neill	£857,084 (2% increase)
Annual bonus	EPS (50%) Half on performance at outturn prices and FX and half on performance at fixed prices and FX	Strategic (20%) Strategic objectives supporting the Group's delivery on portfolio, innovation and people	SHE (20%) Safety objectives focussing on elimination of fatalities, environment, and injuries	Personal (10%)	Mark Cutifani	210% of salary
					Stephen Pearce	210% of salary
					Tony O'Neill	210% of salary
Safety deductor At the discretion of the Remuneration Committee, based on fatalities during the year.						
Long Term Incentive Plan (LTIP)	TSR (50%) TSR vs. Euromoney Global Mining Index (33%) 25% for TSR equal to Index 100% for Index +6% pa or above TSR vs. FTSE 100 (17%) 25% for TSR equal to median 100% for 80th percentile or above ROCE (15%) 25% for 12% 100% for 20% Attributable free cash flow prior to growth capex (15%)	–	Energy efficiency (6%) 25% for 4% improvement in energy efficiency 100% for 10% improvement GHG intensity (6%) 25% for 5% improvement in GHG intensity 100% for 15% improvement Tailings facilities (8%) 100% for 100% implementation of the Anglo American Standard on tailings, across all Group tailings facilities	–	Mark Cutifani	300% of salary
					Stephen Pearce	300% of salary
					Tony O'Neill	300% of salary

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

Remuneration disclosures

Ten-year remuneration and returns

Figure 20 shows the Group's TSR performance against the performance of the FTSE 100 index from 1 January 2010 to 31 December 2019. The FTSE 100 index was chosen as this is a widely recognised broad index. 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.

Figure 21 shows the total remuneration earned by the incumbent chief executive over the same ten-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 Figure 5.

FIGURE 20: TEN-YEAR TSR PERFORMANCE

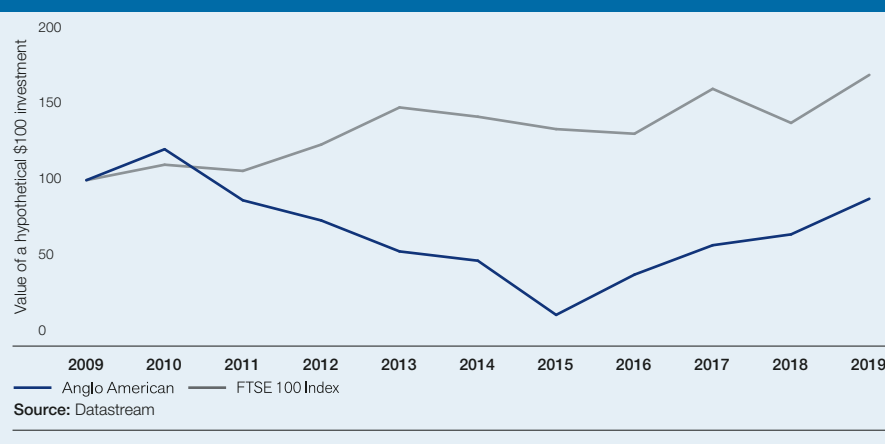


FIGURE 21: CHIEF EXECUTIVE'S REMUNERATION

Financial year ending	31 December 2010	31 December 2011	31 December 2012	31 December 2013	31 December 2014	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019
Cynthia Carroll										
Total remuneration (single figure, £'000)	4,235	8,113	3,203	1,462	–	–	–	–	–	–
Annual bonus (% of maximum)	88%	94%	35%	67%	–	–	–	–	–	–
LTIP (% of maximum)	50%	96%	50%	28%	–	–	–	–	–	–
BSP Enhancement Shares (% of maximum)	0%	100%	0%	0%	–	–	–	–	–	–
Mark Cutifani										
Total remuneration (single figure, £'000)	–	–	–	5,305	3,725	3,462	3,996	6,693	15,636	11,255
Annual bonus (% of maximum)	–	–	–	65%	60%	36.5%	87.5%	76.9%	63.4%	58%
LTIP (% of maximum)	–	–	–	–	–	50%	0%	50%	100%	92.5%

FIGURE 22: CHANGE IN CHIEF EXECUTIVE'S REMUNERATION COMPARED TO UK EMPLOYEES

		Salary	Benefits ⁽¹⁾	Bonus
Chief executive	£'000	1,344	39	1,636
	% change	2.0	7.3	(6.7)
London employees ⁽²⁾	Average % change	6.5	7.9	13

⁽¹⁾ Benefits for London employees comprise pension and car allowances (where applicable), these being the most material.

⁽²⁾ Annual salary increase was 2% for London employees, the 6.5% and 7.9% include pay increases resulting from promotions, and the resultant increase in bonus and benefit levels.

Change in the chief executive's remuneration in 2019 relative to UK employees

Figure 22 sets out the chief executive's basic salary, benefits and annual bonus amounts for 2019 and the year-on-year change. We show the average change in each element for London employees below GMC level, which is considered to be the most relevant employee comparator group given the Group-wide nature of roles performed at the corporate head office.

The table opposite shows the required chief executive pay ratio for 2019, and the methodology used to calculate the ratio. At 139:1 the chief executive's pay ratio at the median is lower than the median ratio of 191:1 that we voluntarily disclosed for 2018. The ratio of 139:1 reflects the high value of the LTIP vesting in 2019, resulting from the significant increase in the share price over the three year life of the award. The structure of executive pay is heavily weighted to share-based long-term incentives, and as such share price appreciation has a greater impact on the chief executive's pay level than that of the wider workforce.

Financial year ending	Method used	25th percentile	Median percentile	75th percentile
2019	Option A	215:1	139:1	63:1
CEO pay ratio		Salary	Total remuneration	
25th percentile employee		£41,706	£52,301	
Median percentile employee		£54,810	£80,811	
75th percentile employee		£108,200	£178,410	

Notes on methodology

Option A has been used to calculate the ratio as this uses the full-time equivalent pay and benefits for all UK employees during the year, and is therefore a better representation of employee pay. The employees at the 25th, 50th and 75th percentiles have been determined on the snapshot date of 31 December 2019, the last day of the financial year. Each employee was a full-time employee during the 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 to the total remuneration of the chief executive.

Distribution statement for 2019

Figure 23 sets out the total expenditure on employee reward over 2019, 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.

FIGURE 23: DISTRIBUTION STATEMENT FOR 2019

Distribution statement		2019	2018
Underlying earnings ⁽¹⁾	\$m	3,468	3,237
	% change	7	(1)
Dividends payable for year to Company shareholders	\$m	1,422	1,291
	% change	10	109
Dividends payable for year to non-controlling interests	\$m	759	873
	% change	(13)	30
Payroll costs for all employees	\$m	3,467	3,490
	% change	(1)	4
Employee numbers	'000	63	64
	% change	(2)	(7)

⁽¹⁾ Please see page 153 for details on how underlying earnings are calculated.

FIGURE 24: 2019 AGM SHAREHOLDER VOTING

Vote	Number of votes		
	For	Against	Abstain
2018 Implementation report	961,964,923 (92.07%)	82,858,529 (7.93%)	5,284,796
2017 Remuneration Policy	875,719,701 (92.91%)	66,854,666 (7.09%)	3,153,118

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

FIGURE 25: EXTERNAL ADVISERS AND FEES

Advisers		Other services provided to the Company	Fees for committee assistance
Pricewaterhouse Coopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to support and advise on the Group's incentive arrangements, in addition to the provision of specialist valuation services and market remuneration data. Provided services to May 2019, after which PwC were appointed as the Group's external auditor.	Investment advice, actuarial and audit work for various pension schemes; advice on internal audit projects; taxation, payroll and executive compensation advice.	£21,577
Mercer Kepler	Appointed as advisers to the Committee on the development of the Policy, and as interim advisers from June 2019 as a result of audit rotation. Also provide specialist valuation services and market remuneration data.		£138,634
Deloitte LLP (Deloitte)	In its capacity as Group external auditor, Deloitte undertakes an audit of the relevant sections of the report annually. However, it provides no advice to the Committee.		n/a

Remuneration Committee in 2019

Membership

The Committee comprised the non-executive directors listed on page 110 on 31 December 2019.

External advisers to the Committee

Figure 25 details the external advisers to the Committee and the fees paid for services provided during 2019. The fees are charged in accordance with the terms and conditions set out in each relevant engagement letter. PwC and Mercer Kepler are both signatories, and adhere to, the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). In addition, the Committee Chair has regular direct dialogue with advisers. For these reasons, the Committee considers that the advice it receives is independent.

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

19 February 2020

Gender pay

Summary

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 2020. The source data for the required information must be at the 'snapshot date' of 5 April 2019.

Anglo American is confident that it complies with the UK's Equal Pay legislation, which governs the right to equal pay between men and women for equal work.

Hourly pay gap

The key measure that is required to be reported is the mean UK hourly pay gap. Anglo American Services (UK) Limited's mean hourly pay gap is 50%, which is primarily a function of the representation of men in the most senior management roles in our UK head office.

Anglo American is a global mining business, headquartered in the UK, and the majority of the senior leadership team is UK-based. The gaps shown below are largely attributable to the fact that more men than women are working in more highly paid, senior roles.

At the snapshot date of 5 April 2019, Anglo American Services (UK) Limited had a UK workforce of 249 employees, of which:

- 47% were men and 53% were women;
- the senior management population was made up of a significantly higher proportion of men (75%) than women (25%);
- leading to a 50% mean and 38% median UK hourly pay gap.

On a global basis, our gender pay gap⁽¹⁾ of approximately 17% reflects the far greater gender 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 Group-wide reward structures.

Continued progress

We have been working to address the challenges of longstanding gender imbalance within our industry, most evident at senior levels. While we are demonstrating our commitment through the actions we have taken and the improvements made at all levels of the business, both globally and within the UK, we recognise we still have much more to do and we know it will take time.

Across our global business, we are aligned with the Hampton-Alexander recommendations to achieve at least a 33% female representation across our Executive Committee (GMC) and those that report to it, improving to 24% by the end of 2019, from 21% in 2018.

We strive to create a more inclusive workplace to enable all our colleagues to achieve their full potential. We are adopting new approaches to recruitment, talent development, mentoring, and flexible working; while also focusing on both the psychological, as well as physical, safety of every one of our colleagues – aligned to our Values and guided by our Purpose.

2019 HOURLY PAY QUANTILES

Hourly pay quartiles	Percentage males in Quartile	Percentage females in Quartile
Lower	19	81
Lower Middle	43	57
Upper Middle	60	40
Upper	66	34

Remuneration Committee's commitment

We recognise reducing the gender imbalance, and therefore the gender pay gap, will take time, however, we are pleased to see a large improvement year-on-year in the upper quartile of the hourly pay gap, reflecting the higher proportion of females in senior roles compared with previous years.

The Remuneration Committee continues to critically review our pay structures to make sure that they are inclusive for our whole employee population and we take this responsibility very seriously.

For more information on the UK gender pay gap, visit www.angloamerican.com/gender-pay-gap-report-uk

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and Article 4 of the IAS regulation, and have elected to prepare the parent Company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*. The directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether Financial Reporting Standard 101 *Reduced Disclosure Framework* has been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, IAS 1 requires that directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information

- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

for the year ended 31 December 2019

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of Anglo American plc and the undertakings included in the consolidation taken as a whole
- The strategic report includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Mark Cutifani
Chief Executive

19 February 2020

Stephen Pearce
Finance Director

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion:

- the financial statements of Anglo American plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated balance sheet;
- the Consolidated cash flow statement;
- the Consolidated statement of changes in equity;
- the accounting policies;
- the related notes 1 to 38; and
- the Balance sheet of the Parent Company and related information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 37 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Impairment/impairment reversals of operating assets;
- Taxation; and
- Environmental restoration and decommissioning obligations.

Materiality

Group

The materiality that we used for the Group financial statements was \$200 million which was determined with consideration to both asset and profit bases. \$200 million equates to 0.6% of net assets and 3.5% of normalized three-year pre-tax profit before special items and remeasurements.

Parent Company

The materiality that we used for the Parent Company financial statements was \$76 million which represents below 1% of shareholders' equity.

Scoping

All business units were subject to a full scope audit with the exception of Manganese and Nickel where specific procedures were performed, which is consistent with our 2018 audit approach. Our approach continues to focus on the key audit matters identified within that business unit and to perform appropriate procedures on the rest of the business unit's financial information considering its financial significance in the context of the Group as a whole.

Significant changes in our approach

Restoration and decommissioning provisions were elevated to a key audit matter for the 2019 audit, taking into account the materiality of the provisions recognised and the increased level of stakeholder focus on areas of environmental concern.

The accounting for and presentation of special items and corporate asset transactions was identified as a key audit matter in 2018 but was considered to be less relevant for the 2019 audit as there were no significant corporate asset transactions undertaken.

Further details have been included within Section 5 below.

4. Conclusions relating to going concern, principal risks and viability statement

4.1 Going concern

We have reviewed the directors' statement in note 38 to 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 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.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2 Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 45-49 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 45 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on pages 44-45 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and the statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

5.1 Impairment/impairment reversals of operating assets

Refer to the Audit Committee report on pages 103-109 and the disclosures in note 7 on pages 159-160.

Key audit matter description	As a consequence of continued volatility in long-term forecast commodity prices, particularly for thermal coal, as well as licencing and operational developments during the year, the assessment of the recoverable amount of operating assets remains a key judgement and a source of estimation uncertainty. This risk is also identified as a fraud risk area due to the potential for management bias as discussed further on page 147. Management assessed whether indicators of impairment or impairment reversal exist for assets in accordance with IAS 36 <i>Impairment of Assets</i>. Where such indicators were identified management has prepared valuation models to determine the value in use or fair value less costs of disposal of the relevant asset. During the year, indicators of impairment reversal were identified at Minas-Rio and an impairment reversal of \$1.0 billion has been recorded primarily due to the stabilisation of operations during the year and the receipt of a key permit in December 2019. Indicators of impairment were identified at the Cerrejón associate and South African thermal coal CGU consequent to a fall in forecast prices for thermal coal. As a result impairments have been recognised of \$334 million and \$585 million respectively. The Group additionally holds goodwill of \$1.6 billion and indefinite useful life assets of \$0.5 billion allocated to the De Beers natural diamonds CGU which is required to be tested for impairment annually. At 31 December 2019 the amount by which the De Beers natural diamonds CGU recoverable amount exceeded the carrying value was \$1.0 billion. This headroom has reduced since the prior year and management identified that a reasonable possible change in the forecast diamond price could result in an impairment of these assets. Additional disclosure as required by IAS 36 and IAS 1 has been provided on pages 159-160.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the impairment process, including management review controls. We challenged management's assessment as to whether indicators of impairment or impairment reversal exist. Where relevant we have obtained copies of the valuation models prepared by management. We challenged the assumptions made by management, including utilising Deloitte valuation and tax specialists where relevant, in relation to these models relating to discount rates used, risk adjustments to the cash flows, forecast tax cash flows and foreign exchange rates used. We challenged the assumptions relating to commodity prices, including the impact of climate change-related risks on thermal coal pricing, capital expenditure and operating cost forecasts and the expected production profiles, by comparison to recent analysis forecast commodity price data, third-party documentation where available, consultation with operational management and consideration of sensitivity analyses. We worked with Deloitte valuation specialists to challenge the structural integrity of the models prepared. We reviewed whether the life of mine plans in the impairment assessment are based on the most up-to-date Ore Reserve and Mineral Resource reports prepared by management's experts. We evaluated the consistency of the key assumptions used in the preparation of those reports with the assumptions used in the valuation models and assessed the competence, experience and objectivity of management's experts. We assessed whether the assumptions had been determined and applied on a consistent basis, where relevant, across the Group. We also challenged management to ensure that disclosures meet the requirements of IAS 36 and specifically IAS 1 in terms of disclosing areas of estimation uncertainty.
Key observations	We found that the assumptions used were reasonable and had been determined and applied on a consistent basis, where relevant, across the Group. No additional impairments or impairment reversals were identified from the work performed. We found that the impairment reversal recorded at the Minas-Rio mine in Brazil and impairments recorded on the investment in Cerrejón and South African thermal coal were appropriate and that no impairment to the De Beers natural diamonds CGU goodwill was required. We found management's interpretation of the IAS 1 and IAS 36 disclosure requirements pertaining to the impairment assumptions to be supportable, and concluded that the related disclosures were compliant with the relevant standards.

5.2 Taxation

Refer to the Audit Committee report on pages 103-109 and the disclosures in notes 5 and 16 on pages 156-157 and 170-171 respectively.

Key audit matter description	The recognition and measurement of certain of the Group's deferred tax assets and liabilities requires management judgement and is a key area of audit effort due to the complexity of tax regulations across the jurisdictions where the Group operates and the inherent uncertainty in future forecasts for deferred tax asset recognition. At 31 December 2019, the deferred tax assets recognised by the Group totalled \$1.1 billion (2018: \$0.9 billion) with the most significant asset related to Minas-Rio. Management has performed an assessment of the forecast taxable profits against which the Group's tax losses and other tax attributes can be offset in future periods. The deferred tax liabilities recognised across the Group at 31 December 2019 were \$3.9 billion (2018: \$3.7 billion).
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls, including management review controls over tax risk matters. Through the close involvement of our tax specialist teams at both a Group and business unit level we assessed the appropriateness and measurement of the deferred tax assets and liabilities recognised by the Group through discussions with the Group's taxation department and review of supporting documentation and calculations. In relation to assessing the recoverability of deferred tax assets, we reviewed and challenged the basis and underlying assumptions in the supporting taxable profit forecasts in order to assess the appropriateness of the assets recognised. In particular, we challenged management's assessment that, in measuring the Minas-Rio deferred tax asset, taxable profit forecasts considered probable should be risk weighted by reference to the criteria set out in IAS 12. In relation to deferred tax liabilities recognised across the Group, we reviewed the relevant deferred tax calculations and challenged management's underlying assumptions.
Key observations	We are satisfied that deferred tax assets and liabilities are properly recognised and measured in accordance with IAS 12.

5.3 Environmental restoration and decommissioning obligations

Refer to the Audit Committee report on pages 103-109 and the disclosures in note 15 on pages 169 to 170.

Key audit matter description	The Group has an obligation to undertake environmental restoration and decommissioning activity as a result of the development or ongoing production of mining properties. The methodologies used to set or revise these provisions involve management judgement to estimate the cost required to complete the restoration and rehabilitation activity, the application of the relevant regulatory framework and timing of expenditure. At 31 December 2019, the environmental restoration and decommissioning provisions recognised by the Group totalled \$2.3 billion (2018: \$1.9 billion). Management reviews the restoration and decommissioning obligations on an annual basis, using internal experts, with external consultants' reviews every three years, to assist in evaluating key assumptions and judgements, including changes in regulations and complexities associated with the geographical conditions and mine structure unique to each mining operation.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the environmental restoration and decommissioning provisioning process, including management review controls. We assessed management's process for the review of closure provisions, and understood and challenged the key changes to the environmental restoration and decommissioning provisions across all business units, specifically focused on those locations with a heightened level of judgement. Where management has obtained an updated expert report during the year we have reviewed the expert's report and considered the competence and objectivity of the expert. We have assessed the key cost assumptions, the completeness of such assessments and assessed the discount rates applied by management to calculate the net present value. We also considered the accounting implications of any changes in legislation and regulatory requirements in each jurisdiction. We checked the mathematical accuracy of management's calculation and investigated any differences in management's calculations from estimates provided by third parties and challenged management on the appropriateness of the adjustments, including consideration of management bias.
Key observations	We are satisfied the level of environmental restoration and decommissioning provisioning is appropriate.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	Group \$200 million (2018: \$200 million)
	Parent Company \$76 million (2018: \$76 million)
Basis for determining materiality	Group We have considered both asset and profit bases in the determination of materiality. \$200 million equates to 0.6% (2018: 0.7%) of net assets and 3.5% (2018: 4.2%) of normalised three-year pre-tax profit before special items and remeasurements. The use of a combination of bases is consistent with our approach in 2018.
	Parent Company The Parent Company materiality represents below 1% (2018: below 1%) of shareholders' equity. When determining this materiality, we also considered the appropriateness of this materiality for the consolidation of this set of financial statements to the Group's results.
Rationale for the benchmark applied	Group Given the continued volatility in commodity prices and the cyclical nature of the mining industry we believe that incorporating balance sheet metrics in our assessment in addition to pre-tax profit before special items and remeasurements is a more appropriate approach as it reflects the capital invested, the changes in production, the volume of commodities sold and the scale of the Group's operations.
	Parent Company Due to the Parent Company's primary role as a holding company, owning investments in other Group entities, shareholders' equity is the key metric driving shareholder value. As such, we considered shareholders' equity the most appropriate benchmark to determine the Parent Company materiality.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the Group's overall control environment;
- The consistent organisational structure of the Group relative to the prior year audit; and
- Our past experience as auditors which has indicated a low number of misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$10 million (2018: \$10 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group, the Parent Company and their environment, including internal control, and assessing the risks of material misstatement.

All business units were subject to a full scope audit with the exception of Manganese and Nickel where specific procedures were performed, which is consistent with our 2018 audit approach. Our approach continues to focus on the key audit matters identified within those business units and to perform appropriate procedures on the rest of those business units' financial information, noting their financial significance in the context of the Group as a whole.

The work performed by the component audit teams at each business unit is guided by the Group audit team and is executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from \$80 million to \$140 million (2018: \$80 million to \$110 million).

7.2 Working with other auditors

For all in-scope components, the Group audit team was involved in the audit work performed by component auditors through a combination of global planning issues meetings, the provision of referral instructions, review and challenge of related component inter-office reporting and of findings from their work (which included the audit procedures performed to respond to risks of material misstatement), attendance at component audit closing conference calls and regular interaction on any related audit and accounting matters which arose.

Specific procedures were performed at Manganese and Nickel business units and subject to oversight by the Group audit team. In addition, analytical review procedures are performed by the Group audit team to identify any additional risks of material misstatement.

The Senior Statutory Auditor and/or a senior member of the Group audit team visits the principal location of each significant business unit at least once every year and key operational assets on a rotating basis.

The Parent Company is located in the United Kingdom and audited directly by the Group audit team.

GROUP REVENUE

	%	
Full audit scope	95	
Specified audit procedures	5	

UNDERLYING EBIT

	%	
Full audit scope	93	
Specified audit procedures	7	

NET ASSETS

	%	
Full audit scope	96	
Specified audit procedures	4	

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

10. Auditor's 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 auditor's 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, legal counsel, technical specialists and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, pensions, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in assessing the carrying value of operating assets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pension legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty, including the Group's operating licences and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified the assessment of the carrying value of operating assets as the key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to this key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received 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
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders on 24 May 1999 to audit the financial statements for the year ended 31 December 1999 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 21 years, covering the years ending 1999 to 2019. The year ended 31 December 2019 will be the final year under audit by Deloitte.

14.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kari Hale, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
19 February 2020

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

US\$ million	Note	2019			2018		
		Before special items and remeasurements	Special items and remeasurements (note 8)	Total	Before special items and remeasurements	Special items and remeasurements (note 8)	Total
Revenue	2	29,870	—	29,870	27,610	—	27,610
Operating costs		(23,543)	(151)	(23,694)	(22,379)	838	(21,541)
Operating profit	1, 2	6,327	(151)	6,176	5,231	838	6,069
Non-operating special items	8	—	7	7	—	(94)	(94)
Net income from associates and joint ventures	13	389	—	389	739	(11)	728
Profit before net finance costs and tax		6,716	(144)	6,572	5,970	733	6,703
Investment income		268	—	268	261	—	261
Interest expense		(666)	(3)	(669)	(655)	(102)	(757)
Other net financing (losses)/gains		(22)	(3)	(25)	14	(32)	(18)
Net finance costs	4	(420)	(6)	(426)	(380)	(134)	(514)
Profit before tax		6,296	(150)	6,146	5,590	599	6,189
Income tax expense	5	(1,760)	196	(1,564)	(1,490)	(326)	(1,816)
Profit for the financial year		4,536	46	4,582	4,100	273	4,373
Attributable to:							
Non-controlling interests	25	1,068	(33)	1,035	863	(39)	824
Equity shareholders of the Company		3,468	79	3,547	3,237	312	3,549
Earnings per share (US\$)							
Basic	3	2.75	0.06	2.81	2.55	0.25	2.80
Diluted	3	2.70	0.06	2.76	2.50	0.24	2.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

US\$ million	2019	2018
Profit for the financial year	4,582	4,373
Items that will not be reclassified to the income statement (net of tax) ⁽¹⁾		
Remeasurement of net retirement benefit obligation	(128)	105
Net revaluation gain/(loss) on equity investments	18	(42)
Share of associates' and joint ventures' other comprehensive income	55	—
Items that have been or may subsequently be reclassified to the income statement (net of tax) ⁽¹⁾		
Net exchange differences:		
Net gain/(loss) (including associates and joint ventures)	192	(2,211)
Cumulative (gain)/loss transferred to the income statement on disposal of foreign operations	(7)	35
Other comprehensive income/(loss) for the financial year (net of tax)	130	(2,113)
Total comprehensive income for the financial year (net of tax)	4,712	2,260
Attributable to:		
Non-controlling interests	1,122	422
Equity shareholders of the Company	3,590	1,838

⁽¹⁾ Tax amounts are shown in note 5C.

CONSOLIDATED BALANCE SHEET

as at 31 December 2019

US\$ million	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets	10	3,086	3,087
Property, plant and equipment	11	34,201	30,898
Environmental rehabilitation trusts	15	301	303
Investments in associates and joint ventures	13	1,333	1,715
Financial asset investments	14	434	396
Trade and other receivables	18	676	708
Deferred tax assets	16	1,057	910
Derivative financial assets	22	347	209
Other non-current assets		642	658
Total non-current assets		42,077	38,884
Current assets			
Inventories	17	4,962	4,466
Trade and other receivables	18	2,386	2,026
Current tax assets		130	121
Derivative financial assets	22	86	132
Cash and cash equivalents	20	6,345	6,567
Total current assets		13,909	13,312
Assets classified as held for sale	32	166	—
Total assets		56,152	52,196
LIABILITIES			
Current liabilities			
Trade and other payables	19	(5,373)	(4,734)
Short term borrowings	20, 21	(990)	(600)
Provisions for liabilities and charges	15	(516)	(581)
Current tax liabilities		(194)	(818)
Derivative financial liabilities	22	(155)	(103)
Total current liabilities		(7,228)	(6,836)
Non-current liabilities			
Trade and other payables	19	(126)	(145)
Medium and long term borrowings	20, 21	(9,744)	(8,371)
Retirement benefit obligations	27	(651)	(609)
Deferred tax liabilities	16	(3,922)	(3,676)
Derivative financial liabilities	22	(522)	(613)
Provisions for liabilities and charges	15	(2,557)	(2,114)
Total non-current liabilities		(17,522)	(15,528)
Liabilities directly associated with assets classified as held for sale	32	(17)	—
Total liabilities		(24,767)	(22,364)
Net assets		31,385	29,832
EQUITY			
Called-up share capital	24	753	772
Share premium account		4,358	4,358
Own shares	24	(6,195)	(6,315)
Other reserves		(10,395)	(10,519)
Retained earnings		36,274	35,302
Equity attributable to equity shareholders of the Company		24,795	23,598
Non-controlling interests	25	6,590	6,234
Total equity		31,385	29,832

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 19 February 2020 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2019

US\$ million	Note	2019	2018
Cash flows from operating activities			
Profit before tax		6,146	6,189
Net finance costs including financing special items and remeasurements		426	514
Net income from associates and joint ventures		(389)	(728)
Non-operating special items	8	(7)	94
Operating profit	1	6,176	6,069
Operating special items and remeasurements	8	151	(838)
Cash element of special items		(109)	(3)
Depreciation and amortisation	1	2,812	2,596
Share-based payment charges		163	183
Increase in provisions and net retirement benefit obligations		22	58
Increase in inventories		(434)	(526)
Increase in operating receivables		(170)	(74)
Increase in operating payables		554	570
Other adjustments		95	(253)
Cash flows from operations		9,260	7,782
Dividends from associates and joint ventures	13	520	737
Dividends from financial asset investments		—	1
Income tax paid		(2,116)	(1,393)
Net cash inflows from operating activities		7,664	7,127
Cash flows from investing activities			
Expenditure on property, plant and equipment	12	(4,744)	(3,400)
Cash flows (used in)/from derivatives related to capital expenditure	12	(9)	15
Proceeds from disposal of property, plant and equipment	12	8	162
Investments in associates and joint ventures	13	(36)	(99)
Purchase of financial asset investments		(4)	(3)
Net issuance of financial asset loans and receivables	14	(50)	(22)
Interest received and other investment income		205	204
Net cash outflow on acquisitions	33	(13)	(90)
Net cash inflow on disposals	33	24	193
Other investing activities		(97)	(58)
Net cash used in investing activities		(4,716)	(3,098)
Cash flows from financing activities			
Interest paid		(415)	(478)
Cash flows used in derivatives related to financing activities	20	(152)	(250)
Dividends paid to Company shareholders	6	(1,422)	(1,291)
Dividends paid to non-controlling interests	25	(894)	(837)
Proceeds from issuance of bonds		958	647
Proceeds from other borrowings		708	117
Capital repayment of lease obligations		(272)	—
Repayments of bonds and borrowings		(581)	(3,507)
Net proceeds from issue of shares to non-controlling interests		—	875
Purchase of shares by Group companies		(1,043)	(293)
Other financing activities		(3)	40
Net cash used in financing activities		(3,116)	(4,977)
Net decrease in cash and cash equivalents		(168)	(948)
Cash and cash equivalents at start of year	20	6,548	7,792
Cash movements in the year		(168)	(948)
Effects of changes in foreign exchange rates		(45)	(296)
Cash and cash equivalents at end of year	20	6,335	6,548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

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 2018	5,130	(6,191)	32,735	(9,274)	572	22,972	5,910	28,882
Total comprehensive income/(loss)	—	—	3,657	(1,782)	(37)	1,838	422	2,260
Dividends	—	—	(1,291)	—	—	(1,291)	(873)	(2,164)
Issue of shares to non-controlling interests	—	—	—	—	—	—	38	38
Equity settled share-based payment schemes	—	(124)	43	—	(9)	(90)	(6)	(96)
Change in ownership interest in subsidiaries	—	—	163	—	—	163	674	837
Other	—	—	(5)	—	11	6	69	75
At 31 December 2018	5,130	(6,315)	35,302	(11,056)	537	23,598	6,234	29,832
Impact of adoption of new accounting standards	—	—	(80)	—	—	(80)	(12)	(92)
At 1 January 2019	5,130	(6,315)	35,222	(11,056)	537	23,518	6,222	29,740
Total comprehensive income	—	—	3,431	91	68	3,590	1,122	4,712
Dividends	—	—	(1,422)	—	—	(1,422)	(759)	(2,181)
Equity settled share-based payment schemes	—	120	(237)	—	(2)	(119)	3	(116)
Shares cancelled during the year	(19)	—	—	—	19	—	—	—
Share buyback	—	—	(777)	—	—	(777)	—	(777)
Other	—	—	57	—	(52)	5	2	7
At 31 December 2019	5,111	(6,195)	36,274	(10,965)	570	24,795	6,590	31,385

⁽¹⁾ Includes share capital and share premium.⁽²⁾ Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL PERFORMANCE

Profit attributable to equity shareholders remained consistent at \$3,547 million and underlying earnings increased 7% to \$3,468 million.

The following disclosures provide further information about the drivers of the Group's financial performance in the year. This includes analysis of the respective contribution of the Group's reportable segments along with information about its operating cost base, net finance costs and tax. In addition, disclosure on earnings per share and the dividend is provided.

PROFIT ATTRIBUTABLE
TO EQUITY SHAREHOLDERS

\$3.5 bn

(2018: \$3.5 bn)

1. OPERATING PROFIT FROM SUBSIDIARIES AND JOINT OPERATIONS

Overview

US\$ million	Note	2019	2018
Revenue		29,870	27,610
Operating costs:			
Employee costs	26	(3,359)	(3,407)
Depreciation of property, plant and equipment		(2,765)	(2,545)
Amortisation of intangible assets		(47)	(51)
Third party commodity purchases		(7,463)	(7,242)
Consumables, maintenance and production input costs		(5,335)	(5,408)
Logistics, marketing and selling costs		(2,589)	(2,159)
Royalties		(780)	(609)
Exploration and evaluation		(246)	(228)
Net foreign exchange losses		(8)	—
Other net operating expenses		(951)	(730)
Operating profit before special items and remeasurements		6,327	5,231
Operating special items and remeasurements	8	(151)	838
Operating profit		6,176	6,069

Royalties exclude items which meet the definition of income tax on profit and accordingly have been accounted for as taxes. Exploration and evaluation excludes associated employee costs. The full exploration and evaluation expenditure is presented below.

Operating profit before special items and remeasurements is stated after charging:

US\$ million	2019	2018
Exploration expenditure	(126)	(113)
Evaluation expenditure	(173)	(172)
Research and development expenditure	(107)	(90)
Provisional pricing adjustment	(200)	(239)

Further information

Included in revenue is a total (realised and unrealised) loss on provisionally priced sales of \$29 million (2018: loss of \$184 million). This comprises realised losses of \$11 million (2018: gains of \$51 million) relating to sales that were provisionally priced as at 31 December 2018 with the final price settled in the current year, realised losses of \$102 million (2018: losses of \$151 million) relating to sales fully priced during the year, and unrealised gains of \$84 million (2018: losses of \$84 million) relating to sales that were provisionally priced as at 31 December 2019. In addition, operating costs include losses on provisionally priced purchase contracts of \$171 million (2018: losses of \$55 million).

Following the adoption of IFRS 16 Leases, only short-term leases less than 12 months, variable leasing costs, leases of low value and, for the majority of leases, the cost of non-lease components continue to be charged to Operating costs before special items and remeasurements. These totalled \$36 million during the year ended 31 December 2019. For the year ended 31 December 2018, all leasing costs for operating leases were recognised as rentals under operating leases within Operating costs before special items and remeasurements of \$150 million.

Accounting policy

See note 38C for the Group's accounting policy on revenue. See note 38A for the Group's accounting policy on change in accounting policies and disclosures, IFRS 16 Leases.

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. Shipping revenue related to shipments of the Group's products is shown within the relevant operating segment. Revenue from other shipping arrangements is presented within the 'Corporate and other' segment, which also includes unallocated corporate costs and exploration costs.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 228.

Segment results

	2019						
US\$ million	Group revenue	Underlying EBITDA	Depreciation and amortisation	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
De Beers	4,605	558	(390)	168	(119)	(4)	45
Copper	5,840	1,618	(658)	960	(334)	(117)	509
Platinum Group Metals	6,866	2,000	(328)	1,672	(541)	(259)	872
Iron Ore	6,758	3,407	(455)	2,952	(622)	(695)	1,635
Coal	6,137	1,832	(822)	1,010	(347)	(1)	662
Nickel and Manganese	1,498	634	(157)	477	(171)	(5)	301
Corporate and other	121	(43)	(186)	(229)	(335)	8	(556)
	31,825	10,006	(2,996)	7,010	(2,469) ⁽¹⁾	(1,073)	3,468
Less: associates and joint ventures	(1,955)	(867)	184	(683)	289	5	(389)
Subsidiaries and joint operations	29,870	9,139	(2,812)	6,327	(2,180)	(1,068)	3,079
Reconciliation:							
Net income from associates and joint ventures				389			389
Special items and remeasurements				(144)			79
Profit before net finance costs and tax				6,572			
Profit attributable to equity shareholders of the Company							3,547

	2018						
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	6,082	1,245	(551)	694	(288)	(57)	349
Copper	5,168	1,856	(622)	1,234	(125)	(192)	917
Platinum Group Metals	5,680	1,062	(357)	705	(153)	(134)	418
Iron Ore	3,768	1,177	(430)	747	(424)	(440)	(117)
Coal	7,788	3,196	(658)	2,538	(736)	(47)	1,755
Nickel and Manganese	1,707	844	(159)	685	(147)	(12)	526
Corporate and other	3	(219)	(7)	(226)	(392)	7	(611)
	30,196	9,161	(2,784)	6,377	(2,265) ⁽¹⁾	(875)	3,237
Less: associates and joint ventures	(2,586)	(1,334)	188	(1,146)	395	12	(739)
Subsidiaries and joint operations	27,610	7,827	(2,596)	5,231	(1,870)	(863)	2,498
Reconciliation:							
Net income from associates and joint ventures				728			728
Special items and remeasurements				744			323
Profit before net finance costs and tax				6,703			
Profit attributable to equity shareholders of the Company							3,549

⁽¹⁾ Comprises net finance costs of \$451 million (2018: \$395 million) and income tax expense of \$2,018 million (2018: \$1,870 million).

The segment results are stated after elimination of inter-segment interest and dividends and include an allocation of corporate costs.

FINANCIAL PERFORMANCE

2. FINANCIAL PERFORMANCE BY SEGMENT continued

Further information

Segments predominantly derive revenue as follows – De Beers: rough and polished diamonds; Copper: copper; Platinum Group Metals: platinum group metals and nickel; Iron Ore: iron ore; Coal: metallurgical coal and thermal coal; Nickel and Manganese: nickel, manganese ore and alloys. See note 38C for the Group's accounting policy on revenue recognition. The revenue analysis below includes the Group's share of revenue in equity accounted associates and joint ventures. See note 13. Other revenue includes shipping revenue which predominantly relates to the Iron Ore, Platinum Group Metals and Copper segments.

Group revenue by product

US\$ million	2019			2018		
	Revenue from contracts with customers	Revenue from other sources	Group Revenue	Revenue from contracts with customers	Revenue from other sources	Group Revenue
Diamonds	4,597	8	4,605	6,076	6	6,082
Copper	5,558	11	5,569	5,141	(213)	4,928
Platinum	1,944	—	1,944	2,194	41	2,235
Palladium	2,707	—	2,707	1,690	19	1,709
Rhodium	1,215	—	1,215	698	9	707
Iron ore	5,646	263	5,909	3,355	(19)	3,336
Metallurgical coal	3,202	423	3,625	3,459	472	3,931
Thermal coal	2,033	470	2,503	2,971	882	3,853
Nickel	921	6	927	877	5	882
Manganese ore and alloys	—	926	926	—	1,147	1,147
Other	1,812	83	1,895	1,353	33	1,386
	29,635	2,190	31,825	27,814	2,382	30,196

Revenue from other sources includes net gains of \$235 million on derivative financial instruments for sales and purchase contracts, provisionally priced receivables and economic hedges of commodity sales which are reported within total revenue from subsidiaries and joint operations (2018: net losses of \$204 million) and \$1,955 million of revenue from associates and joint ventures (2018: \$2,586 million).

Group revenue by destination

The Group's geographical analysis of segment revenue is allocated based on the customer's port of destination. Where the port of destination is not known, revenue is allocated based on the customer's country of domicile.

US\$ million	2019	2018
China	9,470	6,933
India	2,898	3,796
Japan	3,114	2,840
Other Asia	6,055	5,813
South Africa	807	1,466
Other Africa	1,220	1,816
Brazil	437	383
Chile	574	540
Other South America	71	35
North America	786	714
Australia	229	47
United Kingdom (Anglo American plc's country of domicile)	2,379	1,889
Other Europe	3,785	3,924
	31,825	30,196

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 228.

US\$	2019	2018
Earnings per share		
Basic	2.81	2.80
Diluted	2.76	2.74
Underlying earnings per share		
Basic	2.75	2.55
Diluted	2.70	2.50
Headline earnings per share		
Basic	2.74	2.04
Diluted	2.69	2.00

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	
	2019	2018	2019	2018	2019	2018
Earnings (US\$ million)						
Basic and diluted earnings	3,547	3,549	3,468	3,237	3,459	2,590
Weighted average number of shares (million)						
Basic number of ordinary shares outstanding	1,263	1,269	1,263	1,269	1,263	1,269
Effect of dilutive potential ordinary shares	21	27	21	27	21	27
Diluted number of ordinary shares outstanding	1,284	1,296	1,284	1,296	1,284	1,296

The weighted average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies. 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 2019 there were 57,399 (2018: nil) 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 underlying earnings as follows:

US\$ million	2019	2018
Underlying earnings for the financial year	3,468	3,237
Other operating special items	(63)	(58)
Operating remeasurements	(100)	(113)
Non-operating special items – charges relating to BEE transactions	(11)	(31)
Financing special items and remeasurements	(9)	(132)
Tax special items and remeasurements	109	(137)
Associates' and joint ventures' special items and remeasurements	—	(11)
Other reconciling items	65	(165)
Headline earnings for the financial year	3,459	2,590

The reconciling items above are shown net of tax and non-controlling interests.

Other reconciling items principally relate to adjustments to former operations and disposals of property, plant and equipment and investments (2018: include the impact of business combinations and disposals of property, plant and equipment and investments).

FINANCIAL PERFORMANCE

4. NET FINANCE COSTS

Overview

US\$ million	2019	2018
Investment income		
Interest income from cash and cash equivalents	188	188
Interest income from associates and joint ventures	21	22
Other interest income	35	27
Net interest income on defined benefit arrangements	26	23
Dividend income from financial asset investments	—	1
	270	261
Less: Interest income capitalised	(2)	—
Investment income	268	261
Interest expense		
Interest and other finance expense	(603)	(561)
Net interest cost on defined benefit arrangements	(45)	(45)
Unwinding of discount relating to provisions and other liabilities	(92)	(90)
	(740)	(696)
Less: Interest expense capitalised	74	41
Interest expense before special items and remeasurements	(666)	(655)
Financing special items	(3)	(102)
Interest expense	(669)	(757)
Other net financing (losses)/gains		
Net foreign exchange gains	30	14
Other net fair value losses	(52)	—
Other net financing (losses)/gains before special items and remeasurements	(22)	14
Financing remeasurements	(3)	(32)
Other net financing losses	(25)	(18)
Net finance costs	(426)	(514)

Further information

Following the adoption of IFRS 16 Leases from 1 January 2019, the interest expense of \$32 million incurred on lease liabilities is recognised within Interest and other finance expense for the year ended 31 December 2019. For the year ended 31 December 2018, all operating lease expenses were recognised within operating costs.

Interest income recognised at amortised cost is \$106 million (2018: \$129 million) and interest expense recognised at amortised cost is \$452 million (2018: \$491 million).

Accounting policy

See note 38A for the Group's accounting policy on IFRS 16 Leases and 38C on borrowing costs.

5. INCOME TAX EXPENSE

Overview

The effective tax rate for the year of 25.4% (2018: 29.3%) is higher (2018: higher) than the applicable statutory rate of corporation tax in the United Kingdom of 19.0% (2018: 19.0%).

	2019		
	Profit before tax US\$ million	Tax charge US\$ million	Effective tax rate
Calculation of effective tax rate (statutory basis)	6,146	(1,564)	25.4%
Adjusted for:			
Special items and remeasurements	150	(196)	
Associates' and joint ventures' tax and non-controlling interests	263	(258)	
Calculation of underlying effective tax rate	6,559	(2,018)	30.8%

The underlying effective tax rate was 30.8% for the year ended 31 December 2019. This is lower than the equivalent underlying effective tax rate of 31.3% for the year ended 31 December 2018. The effective tax rate in 2019 benefited from the impact of the relative levels of profits arising in the Group's operating jurisdictions. In future periods, it is expected that the underlying effective tax rate will remain above the United Kingdom statutory tax rate.

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 228.

FINANCIAL PERFORMANCE

5. INCOME TAX EXPENSE *continued*

A. Analysis of charge for the year

US\$ million	2019	2018
United Kingdom corporation tax	67	26
South Africa tax	879	673
Other overseas tax	712	1,030
Prior year adjustments	(90)	(56)
Current tax	1,568	1,673
Deferred tax	192	(183)
Income tax expense before special items and remeasurements	1,760	1,490
Special items and remeasurements tax (note 8)	(196)	326
Income tax expense	1,564	1,816

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	2019	2018
Profit before tax	6,146	6,189
Less: Net income from associates and joint ventures	(389)	(728)
Profit before tax (excluding associates and joint ventures)	5,757	5,461
Tax calculated at United Kingdom corporation tax rate of 19.0% (2018: 19.0%)	1,094	1,038
Tax effects of:		
Items non-deductible/taxable for tax purposes	218	55
Temporary difference adjustments		
Current year losses not recognised	86	172
Recognition of losses and temporary differences not previously recognised	(15)	(161)
Utilisation of losses and temporary differences not previously recognised	(290)	(32)
Write-off of losses and temporary differences previously recognised	—	144
Adjustment in deferred tax due to change in tax rate	4	—
Other temporary differences	46	47
Special items and remeasurements	(167)	212
Other adjustments		
Dividend withholding taxes	142	(195)
Effect of differences between local and United Kingdom tax rates	533	556
Prior year adjustments to current tax	(90)	(56)
Other adjustments	3	36
Income tax expense	1,564	1,816

The special items and remeasurements reconciling credit of \$167 million (2018: charge of \$212 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 2019 is a credit of \$14 million (2018: credit of \$285 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 2019 is a charge of \$258 million (2018: charge of \$391 million). Excluding special items and remeasurements, this becomes a charge of \$258 million (2018: charge of \$380 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 nil (2018: charge of \$30 million). In addition, there is a tax charge on the net revaluation loss on equity investments recognised directly in equity that will not subsequently be reclassified to the income statement of \$3 million (2018: tax credit of \$2 million). Furthermore, there is a tax charge of \$6 million (2018: nil) on the share of associates' and joint ventures' other comprehensive income that will not be reclassified to the income statement.

D. Tax amounts recognised directly in equity

In 2019, deferred tax of \$4 million (2018: \$12 million credit) was charged to equity in relation to share-based payments.

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 that are judged more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and, in some cases, reports from independent experts.

Accounting policy

See note 38G for the Group's accounting policy on tax.

FINANCIAL PERFORMANCE

6. DIVIDENDS

	2019	2018
Proposed final ordinary dividend per share (US cents)	47	51
Proposed final ordinary dividend (US\$ million)	588	660

These financial statements do not reflect the proposed final ordinary dividend as it is still subject to shareholder approval.

Dividends paid during the year are as follows:

US\$ million	2019	2018
Final ordinary dividend for 2018 – 51 US cents per ordinary share (2017: 54 US cents per ordinary share)	657	681
Interim ordinary dividend for 2019 – 62 US cents per ordinary share (2018: 49 US cents per ordinary share)	765	610
	1,422	1,291

SIGNIFICANT ITEMS

Special items and remeasurements are a net gain of \$0.1 billion and include an impairment reversal at Minas-Rio of \$1.0 billion, partially offset by the impairments of South African thermal coal and Cerrejón of \$0.9 billion.

SPECIAL ITEMS AND REMEASUREMENTS

\$0.1 bn

(2018: \$0.3 bn)

During 2019, 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.

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 sources of estimation uncertainty that affect the results for the year ended 31 December 2019 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 principal risks, 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, by definition, 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, economic parameters, or the passage of time, 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 and Isibonelo (Coal); Barro Alto and Samancor (Nickel and Manganese) and El Soldado (Copper). These assets have a combined carrying value of \$7.1 billion within property, plant and equipment as at 31 December 2019.

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, to ensure they are within the range of available analyst forecasts. 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. 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 a real post-tax discount rate, assessed annually, of 7.0% (2018: 7.0%). Adjustments to the rate 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.
- Operating costs, capital expenditure and other operating factors
Operating costs and capital expenditure are based on financial budgets covering a five-year period. Cash flow projections beyond five years are based on Life of Mine Plans or non-mine production plans, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, the grade of Ore Reserves varying significantly over time and unforeseen operational issues). Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date. For further information refer to the unaudited Ore Reserves and Mineral Resources Report 2019.

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 cash flows (with appropriate risk adjustments).

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 38D. All assumptions are made from the perspective of a hypothetical informed market participant (as required by

SIGNIFICANT ITEMS

7. SIGNIFICANT ACCOUNTING MATTERS *continued*

IFRS 13 *Fair Value Measurement*). As a result, these assumptions may differ from the Group's own internal forecasts.

Minas-Rio

Minas-Rio was last impaired in 2015 by \$2.5 billion based on a recoverable amount of \$3.6 billion, as a result of a deterioration in the long-term outlook for iron ore prices. Prior to that date, impairment charges of \$5.0 billion and \$3.8 billion were recorded in 2012 and 2014.

Following pipeline leaks and the suspension of operations in March 2018, operations at Minas-Rio resumed in December 2018. The ramp-up has progressed well during 2019, facilitated by access to higher grade ore in the Step 3 licence area, and a key tailings dam extension permit was received in December 2019. Additionally, while the long-term outlook for iron ore has remained broadly unchanged since 2015, the outlook for market conditions in the nearer term has improved. Consequently, the valuation of Minas-Rio has been assessed and the previous impairment has been partially reversed to a recoverable amount of \$5.3 billion, resulting in a gain of \$1.0 billion (\$1.0 billion after tax). Of the impairment reversal, \$1,023 million has been allocated against property, plant and equipment and \$10 million against land and buildings.

The recoverable amount is based on a discounted cash flow model. The valuation is inherently sensitive to changes in economic and operational assumptions which could materially increase or reduce the valuation. Key assumptions include the long-term realised iron ore price, and the timing of receipt of required permits and licences. The forecast realised price is calculated using the Platts 62% CFR price as a reference, with adjustments to reflect the anticipated grade and form of the Minas-Rio product, as well as an adjustment for future freight costs. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The most significant input to the valuation is the long-term price for iron ore used to calculate the forecast long-term realised price. The model uses a long-term iron ore price that falls within the top quartile of the analyst range of \$66/tonne to \$76/tonne (Platts 62% CFR reference basis, 2020 real terms). If the model assumption were changed by \$5/tonne with all other valuation assumptions remaining the same, this would change the valuation by \$0.6 billion.

South African thermal coal

The South African thermal coal CGU includes all of the Group's South African thermal coal operations with the exception of the Isibonelo coal mine. Following lower forecast short and medium-term thermal coal prices during 2019 and resultant negative cash flows of operations included within the South African thermal coal CGU, an impairment charge of \$585 million has been recognised (\$585 million after tax and non-controlling interests). This has brought the carrying amount into line with the recoverable amount of \$0.6 billion.

The valuation, based on discounted cash flows, is sensitive to changes in input assumptions, particularly in relation to future thermal coal prices and South African rand foreign exchange rates over the period 2020 to 2028. The forecast realised price is calculated using API4 FOB Richards Bay as a reference, with adjustments to reflect the quality and location of the product. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The most significant input to the valuation is the short to medium-term price for thermal coal used to calculate the forecast realised prices. The model uses an average thermal coal price that falls within an analyst range throughout the Life of Mine Plan. However, the thermal coal price in the model falls within the top quartile of the analyst range from 2025 onwards, of \$79/tonne to \$92/tonne API4 FOB Richards Bay reference basis, 2020 real terms. If the model assumptions were changed by \$5/tonne throughout the Life of Mine Plan with all other valuation assumptions remaining the same, this would change the valuation by \$0.4 billion. The model uses a forecast for the average South African rand to US dollar real exchange rate which falls within the analyst range of 12.2 ZAR/\$ to 16.7 ZAR/\$. A 10% appreciation of the South African rand compared to the valuation assumptions across the forecasted period would decrease the valuation by \$0.5 billion. The valuation is not sensitive to long-term assumptions due to the remaining asset lives.

Cerrejón

The Group has a 33% interest in Cerrejón, an exporter of Colombian thermal coal, which is accounted for as an investment in an associate. Following lower forecast thermal coal prices for Cerrejón's principal markets during 2019 and a revision to the Life of Mine Plan, an impairment charge of \$334 million has been recognised (\$334 million after tax). This has brought the carrying amount into line with the recoverable amount of \$0.5 billion.

The valuation, based on discounted cash flows, is sensitive to changes in input assumptions, particularly in relation to future Colombian thermal coal prices. The forecast realised price is calculated using API4 FOB Richards Bay as reference, with adjustments to reflect the quality and location of the product. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The most significant input to the valuation is the short to medium-term price for thermal coal used to calculate the forecast realised price. The model uses prices linked to thermal coal prices that fall within the analyst range noted above for South African thermal coal. If the model assumptions were changed by \$5/tonne in each year with all other valuation assumptions remaining the same, this would change the valuation by \$0.2 billion.

De Beers natural diamonds goodwill

The valuation of the De Beers natural diamonds CGU has been assessed as at 31 December 2019 and the recoverable amount was considered to exceed the carrying value by \$1.0 billion. The valuation, based on discounted cash flows, is sensitive to input assumptions particularly in relation to the future price growth for diamonds. The two primary factors impacting price growth are expected consumer demand growth and changes in global supply.

Expected consumer demand growth (in USD terms) is driven predominantly by: local currency GDP growth expectations in the primary markets in which diamonds are sold; foreign exchange movements against the US dollar and the desirability of diamonds. Desirability includes all aspects of buying behaviour such as competition for share of wallet from other luxury products including experiential holidays, hardline and softline goods, new technology and other products such as labgrown diamonds.

The valuation remains sensitive to consumer demand growth that provide both upside and downside risk. For example a reduction in the weighted GDP growth rates, a strengthening of the US dollar or an increase in substitution by labgrown gems would suppress consumer demand growth. These factors have a range of possible impacts that may not occur independently of each other.

The medium-term real GDP growth assumption in US dollar terms inherent in the consumer demand forecast is 2.7% which is sourced from an external provider and is weighted based on the key markets in which we operate including the US, China, India, Japan, Gulf Region and Eurozone.

The foreign exchange assumption inherent in the consumer demand forecast is based on an external forecast, and in the medium-term incorporates annual US dollar depreciation of 0.5% against the Chinese renminbi and 0.8% against the Japanese yen and 0.5% annual appreciation against the Indian rupee.

The consumer demand forecast has assumed a growth in the short-term market penetration of labgrown diamonds which is then forecast to revert back to a stable share of the market by 2024 as the product becomes distinguished as a separate category.

A range of alternative scenarios have been considered in determining whether there is a reasonably possible change in consumer demand growth, which would result in the recoverable amount equating to the carrying amount. These scenarios are consistent with external forecasts that incorporate real year-on-year demand growth of 0-1% in the conservative estimate or 2-3% in more optimistic estimates.

A 0.6 percentage point underperformance in our consumer demand growth expectation, either through a 10% appreciation in the US dollar or a reduction in real GDP growth assumptions by 0.6 percentage points, with other valuation assumptions remaining the same, would result in the recoverable amount equating to the carrying amount.

Changes in total global supply is driven primarily by the output anticipated from new projects. Our assessment is that no reasonably possible change in global supply with other assumptions remaining the same, would result in the recoverable amount equating to the carrying amount.

Recognition of deferred tax assets

In accordance with the requirements of IAS 12 *Income Taxes*, the Group reassesses the recognition and recoverability of deferred tax assets at the end of each reporting period. This assessment is performed for each jurisdiction based upon the application of tax law, the likelihood of taxable profits arising in future periods and the likelihood that tax assets will be utilised. In determining the likelihood of future taxable profits the Group considers the financial forecasts and the associated risks from operational and financial uncertainties.

SIGNIFICANT ITEMS

8. SPECIAL ITEMS AND REMEASUREMENTS

Overview

	2019			2018	
US\$ million	Before tax	Tax	Non-controlling interests	Net	Net
Impairments and impairment reversals	131	—	—	131	851
Other operating special items	(180)	55	62	(63)	(58)
Operating remeasurements	(102)	8	(6)	(100)	(113)
Operating special items and remeasurements	(151)	63	56	(32)	680
Disposals of businesses and investments	(51)	24	—	(27)	(25)
Adjustments relating to business combinations	23	—	—	23	7
Adjustments relating to former operations	48	(11)	(11)	26	(39)
Charges relating to BEE transactions	(13)	—	2	(11)	(31)
Non-operating special items	7	13	(9)	11	(88)
Financing special items and remeasurements	(6)	(1)	(2)	(9)	(132)
Tax special items and remeasurements	—	121	(12)	109	(137)
Total	(150)	196	33	79	323
Associates' and joint ventures' special items and remeasurements				—	(11)
Total special items and remeasurements				79	312

Special items

Special items are those items of financial performance that, due to their size and nature, the Group believes should be separately disclosed on the face of the income statement. These items, along with related tax and non-controlling interests, are excluded from underlying earnings, which is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 228.

- 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 reversed from remeasurements and are recorded in underlying earnings within either revenue, operating costs or net finance costs as appropriate. If the underlying transaction is recorded in the balance sheet, for example capital expenditure, the realised amount remains in remeasurements on settlement of the derivative.

- Operating remeasurements include unrealised gains and losses on derivatives relating to revenue, operating costs or capital expenditure transactions. They also include the reversal through depreciation and amortisation of a fair value gain or loss, arising on revaluation of a previously held equity interest in a business combination.

- Financing remeasurements include unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges, related to financing arrangements.

- Tax remeasurements include foreign exchange impacts arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence tax is susceptible to currency fluctuations.

Operating special items

Impairments and impairment reversals

Net impairments and impairment reversals of \$131 million (\$131 million after tax and non-controlling interests) for the year ended 31 December 2019 principally comprise the impairment reversals of Minas-Rio (Iron Ore) of \$1,033 million (\$1,033 million after tax) and the impairment charges of South African thermal coal (Coal) of \$585 million (\$585 million after tax and non-controlling interests), Cerrejón (Coal) of \$334 million (\$334 million after tax), and Corporate assets (Corporate and other) of \$30 million (\$30 million after tax).

Further information on significant accounting matters relating to impairments and impairment reversals is provided in note 7.

2018

Net impairments and impairment reversals of \$851 million after tax and non-controlling interests for the year ended 31 December 2018 principally consisted of impairment reversals of \$652 million for Moranbah-Grosvenor (Coal) and \$259 million for Capcoal (Coal) partially offset by \$60 million relating to the write-off of assets in De Beers' South African operations.

Other operating special items

The loss of \$180 million (\$63 million after tax and non-controlling interests) principally relates to the cost to the Group of terminating a long-term power supply contract in Copper.

2018

The loss of \$58 million after tax related to the cost to the Group of the transfer of liabilities of a South African pension scheme.

SIGNIFICANT ITEMS

8. SPECIAL ITEMS AND REMEASUREMENTS *continued***Operating remeasurements**

Operating remeasurements reflect a net loss of \$102 million (\$100 million after tax and non-controlling interests) which principally relates to a \$103 million depreciation and amortisation charge arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake.

2018

Operating remeasurements reflected a net loss of \$113 million after tax and non-controlling interests for the year ended 31 December 2018.

Non-operating special items**Disposals of businesses and investments**

On 27 November 2019, the Group announced the equalisation of ownership across its integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia (Coal). On entering into an agreement for the sale of a 12% interest in the Grosvenor mine to the same consortium partners for cash proceeds of \$141 million, an impairment charge of \$59 million (\$41 million after tax) was recorded to bring the carrying amount of the related net assets into line with its fair value less costs to sell based on the fair value of the sales consideration.

2018

The net loss of \$25 million after tax and non-controlling interests related to the disposals of the Group's interests in the Bafokeng Rasimone Platinum Mine, the Union platinum mine and Masa Chrome Company Proprietary Limited (Platinum Group Metals), the Eskom-tied domestic coal operations in South Africa and the Drayton mine (Coal).

Adjustments relating to business combinations

The \$23 million gain during the year ended 31 December 2019 relates to adjustments in respect of business combinations in prior periods.

2018

The \$7 million gain related to adjustments in respect of business combinations in prior periods, including a gain on settlement of a related commercial dispute.

Adjustments relating to former operations

The gain of \$48 million (\$26 million after tax and non-controlling interests) relates to adjustments in respect of disposals completed in prior periods.

2018

The net loss of \$39 million after tax and non-controlling interests relates to adjustments in respect of disposals completed in prior periods.

Charges relating to BEE transactions

In 2019 the net loss of \$11 million after tax and non-controlling interests related to a modification charge under IFRS 2 *Share-based Payments* following the refinancing of Ponahalo Investments (Pty) Ltd.

2018

In 2018 the net loss of \$31 million after tax and non-controlling interests related to a modification charge under IFRS 2 *Share-based Payments* following the refinancing of Ponahalo Investments (Pty) Ltd.

Financing special items and remeasurements

Financing special items and remeasurements principally comprise a net fair value loss of \$6 million in respect of derivatives hedging net debt (2018: loss of \$98 million arising on bond buybacks completed in the period and a net fair value loss of \$33 million on derivatives hedging net debt).

Tax associated with special items and remeasurements

This includes a tax remeasurement charge of \$406 million and tax on specials credit of \$602 million principally arising on Brazilian deferred tax assets (2018: tax remeasurements charge of \$110 million principally arising on Brazilian deferred tax assets).

Of the total tax credit of \$196 million (2018: charge of \$326 million), there is a net current tax credit of \$56 million (2018: charge of \$16 million) and a net deferred tax credit of \$140 million (2018: charge of \$310 million).

Associates' and joint ventures' special items and remeasurements

There were no associates' and joint ventures' special items and remeasurements recorded in the year ended 31 December 2019.

2018

Associates' and joint ventures' special items and remeasurements relates to the Coal segment.

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 228.

	Attributable ROCE %	
	2019	2018
De Beers	2	8
Copper	16	22
Platinum Group Metals	38	15
Iron Ore	31	3
Coal	26	67
Nickel and Manganese	20	28
Corporate and other	n/a	n/a
	19	19

Attributable ROCE remained consistent at 19% in the year ended 31 December 2019 (2018: 19%). Average attributable capital employed has increased to \$28.4 billion (2018: \$27.4 billion) primarily due to the increase of current year capital expenditure and changes in accounting treatment arising from IFRS 16 *Leases*.

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 228.

Capital employed by segment

Capital employed is the principal measure of segment assets and liabilities reported to the Group Management Committee. Capital employed is defined as net assets excluding net debt and financial asset investments.

US\$ million	Capital employed	
	2019	2018
De Beers	8,800	8,349
Copper	8,238	6,463
Platinum Group Metals	4,045	4,058
Iron Ore	8,363	6,929
Coal	3,787	4,131
Nickel and Manganese	2,305	2,390
Corporate and other	38	(51)
Capital employed	35,576	32,269
Reconciliation to Consolidated balance sheet:		
Net debt	(4,626)	(2,848)
Debit valuation adjustment attributable to derivatives hedging net debt	1	15
Financial asset investments	434	396
Net assets	31,385	29,832

CAPITAL BASE

9. CAPITAL BY SEGMENT continued

Non-current assets by location

US\$ million	Intangible assets and Property, plant and equipment		Total non-current assets	
	2019	2018	2019	2018
South Africa	10,265	9,687	10,756	10,181
Botswana	3,996	4,071	3,996	4,071
Other Africa	1,075	1,033	1,096	1,039
Brazil	6,699	5,643	6,948	5,891
Chile	6,323	6,210	6,333	6,240
Peru	3,428	1,958	3,687	2,181
Other South America	1	2	447	838
North America	634	644	634	644
Australia and Asia	3,364	3,374	3,783	3,848
United Kingdom (Anglo American plc's country of domicile)	1,424	1,279	1,560	1,383
Other Europe	78	84	79	84
Non-current assets by location	37,287	33,985	39,319	36,400
Unallocated assets			2,758	2,484
Total non-current assets			42,077	38,884

Total non-current assets by location primarily comprise Intangible assets, Property, plant and equipment, Environmental rehabilitation trusts 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	2019			2018		
	Brands, contracts and other intangibles	Goodwill	Total	Brands, contracts and other intangibles	Goodwill	Total
Net book value						
At 1 January	1,111	1,976	3,087	1,201	2,122	3,323
Additions	48	51	99	17	—	17
Amortisation charge for the year	(63)	—	(63)	(68)	—	(68)
Impairments	—	(68)	(68)	—	—	—
Disposals	—	—	—	—	(17)	(17)
Currency movements	9	22	31	(39)	(129)	(168)
At 31 December	1,105	1,981	3,086	1,111	1,976	3,087
Cost	1,574	2,049	3,623	1,518	1,976	3,494
Accumulated amortisation and impairment	(469)	(68)	(537)	(407)	—	(407)

Brands, contracts and other intangibles includes \$1,026 million (2018: \$1,082 million) relating to De Beers, principally comprising assets that were recognised at fair value on acquisition of a controlling interest in De Beers in August 2012. Of these, \$517 million (2018: \$517 million) have indefinite useful lives.

Further information

Goodwill relates to the following cash generating units (CGUs) or groups of CGUs:

US\$ million	2019	2018
De Beers	1,636	1,592
Copper Chile	124	124
Platinum Group Metals	209	181
Coal South Africa	2	71
Other	10	8
	1,981	1,976

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 them to exceed their recoverable amounts. The key assumptions used in determining the recoverable amounts are set out in note 7.

Accounting policy

See note 38D 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 plant and infrastructure, vehicles and other equipment.

	2019						
	Owned and leased assets						
	Mining properties and leases – 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
US\$ million							
Net book value							
At 31 December	10,616	1,786	—	13,652	—	4,844	30,898
Impact of adoption of IFRS 16 (note 38)	—	—	176	(63)	266	—	379
At 1 January	10,616	1,786	176	13,589	266	4,844	31,277
Additions	531	8	30	133	252	4,389	5,343
Depreciation charge for the year	(1,042)	(92)	(37)	(1,501)	(218)	—	(2,890)
Impairments	(16)	(61)	(8)	(249)	(11)	(243)	(588)
Impairments reversed	12	12	—	1,047	—	8	1,079
Disposals	(96)	(15)	(3)	(154)	(3)	(31)	(302)
Reclassifications	919	191	—	1,318	1	(2,429)	—
Currency movements	154	16	1	54	2	55	282
At 31 December	11,078	1,845	159	14,237	289	6,593	34,201
Cost	25,649	2,827	205	31,977	531	6,915	68,104
Accumulated depreciation and impairment	(14,571)	(982)	(46)	(17,740)	(242)	(322)	(33,903)

	2018						
	Owned and leased assets						
US\$ million	Mining properties and leases – 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	11,536	2,669	—	12,848	—	3,590	30,643
Additions	438	87	—	199	—	3,308	4,032
Depreciation charge for the year	(1,080)	(84)	—	(1,495)	—	—	(2,659)
Impairments	(99)	(58)	—	(1)	—	—	(158)
Impairments reversed	344	37	—	711	—	50	1,142
Disposals	(18)	(23)	—	(58)	—	(7)	(106)
Reclassifications	573	(683)	—	1,940	—	(1,830)	—
Currency movements	(1,078)	(159)	—	(492)	—	(267)	(1,996)
At 31 December	10,616	1,786	—	13,652	—	4,844	30,898
Cost	24,227	2,853	—	31,202	—	4,997	63,279
Accumulated depreciation and impairment	(13,611)	(1,067)	—	(17,550)	—	(153)	(32,381)

On adoption of IFRS 16 *Leases*, right-of-use assets for items formerly recognised as leased under operating leases were recognised within property, plant and equipment. Assets previously recognised as leased under finance leases were reclassified within property, plant and equipment to right-of-use assets. Leased assets principally relate to corporate offices, diamond jewellery retail outlets and shipping vessels.

Additions include \$72 million (2018: \$41 million) of net interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

Depreciation includes \$2,765 million (2018: \$2,545 million) of depreciation within operating profit, \$86 million (2018: \$97 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 \$39 million (2018: \$17 million) of pre-commercial production depreciation and assets used in capital projects which has been capitalised.

Disposals includes disposals of assets, businesses, and transfers to Assets classified as held for sale.

CAPITAL BASE

11. PROPERTY, PLANT AND EQUIPMENT *continued***Accounting judgements****Impairment testing**

For the purposes of impairment testing, the recoverable amount of each of the cash generating units (CGUs) or group of CGUs has been determined based on a fair value less costs of disposal basis. The key assumptions used in determining fair value less costs of disposal are set out in note 7.

Deferred stripping

In certain mining operations, rock or soil overlying a mineral deposit, known as overburden, and other waste materials must be removed to access the orebody. The process of removing overburden and other mine waste materials is referred to as stripping.

The Group defers stripping costs onto the balance sheet where they are considered to improve access to ore in future periods. Where the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and Life of Mine Plan and therefore changes to the design or Life of Mine Plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

Accounting policy

See note 38D 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 228.

Capital expenditure by segment

US\$ million	2019	2018
De Beers	567	417
Copper	1,078	703
Platinum Group Metals	569	496
Iron Ore	594	415
Coal	934	722
Nickel and Manganese	42	38
Corporate and other	56	27
Capital expenditure	3,840	2,818
Reconciliation to Consolidated cash flow statement:		
Cash flows from derivatives related to capital expenditure	(9)	15
Proceeds from disposal of property, plant and equipment	8	162
Direct funding for capital expenditure received from non-controlling interests	844	374
Reimbursement of capital expenditure	61	31
Expenditure on property, plant and equipment	4,744	3,400

Direct funding for capital expenditure received from non-controlling interests represents capital expenditure relating to the Quellaveco project funded by Mitsubishi. Capital expenditure on the Quellaveco project in the year ended 31 December 2019 was partly funded using remaining cash subscriptions received from Mitsubishi in 2018 as part of the Quellaveco syndication transaction. At 31 December 2019, subscription amounts have been fully utilised. 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.

Reimbursement of capital expenditure relates to funding provided for the development of the Charterhouse Street office.

Capitalised operating cash flows

Capital expenditure includes net capitalised operating cash outflows of \$11 million (2018: net inflows of \$18 million) in relation to operating costs incurred by operations prior to reaching commercial production for accounting purposes.

Capital expenditure by category

US\$ million	2019	2018
Expansionary	1,216	567
Stay-in-business	1,656	1,617
Stripping and development	976	796
Proceeds from disposal of property, plant and equipment	(8)	(162)
	3,840	2,818

Expansionary capital expenditure includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests. Stay-in-business capital expenditure is net of reimbursement of capital expenditure.

CAPITAL BASE

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**Overview**

Investments in associates and joint ventures represent businesses the Group does not control, but instead exercises significant influence or joint control. These include (within the respective business units) the associates Cerrejón and Jellinbah (Coal) and the joint ventures Ferroport (Iron Ore) and Samancor (Nickel and Manganese). The Group's other investments in associates and joint ventures arise primarily in the Platinum Group Metals 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 228.

US\$ million	2019			2018		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
At 1 January	1,136	579	1,715	1,350	606	1,956
Net income from associates and joint ventures	145	244	389	347	381	728
Other comprehensive income from associates and joint ventures	—	53	53	—	—	—
Dividends received	(210)	(310)	(520)	(332)	(405)	(737)
Investments in equity and capitalised loans	32	4	36	72	27	99
Impairments	(334)	—	(334)	(85)	—	(85)
Disposals	—	—	—	(160)	—	(160)
Other movements	—	—	—	—	(15)	(15)
Currency movements	(3)	(3)	(6)	(56)	(15)	(71)
At 31 December	766	567	1,333	1,136	579	1,715

Further information

The Group's total investments in associates and joint ventures include long-term loans of \$212 million (2018: \$181 million), which in substance form part of the Group's net investment. These loans are not repayable in the foreseeable future. Other comprehensive income from associates and joint ventures relates principally to fair value movements on investments held at fair value through other comprehensive income.

The Group's share of the results of the associates and joint ventures is as follows:

Income statement

US\$ million	2019	2018
Revenue	1,955	2,586
Operating costs (before special items and remeasurements)	(1,272)	(1,440)
Associates' and joint ventures' underlying EBIT	683	1,146
Net finance costs	(31)	(15)
Income tax expense	(258)	(380)
Non-controlling interests	(5)	(12)
Net income from associates and joint ventures (before special items and remeasurements)	389	739
Special items and remeasurements tax	—	(11)
Net income from associates and joint ventures	389	728

Balance sheet

US\$ million	Associates	Joint ventures	Total
Non-current assets	847	993	1,840
Current assets	497	410	907
Current liabilities	(146)	(208)	(354)
Non-current liabilities	(432)	(628)	(1,060)
Net assets as at 31 December 2019	766	567	1,333
Net assets as at 31 December 2018	1,136	579	1,715

CAPITAL BASE

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Further information

US\$ million	2019				
	Revenue	Underlying EBITDA	Underlying EBIT	Share of net income	Dividends received
Samancor (Nickel and Manganese)	926	443	388	200	300
Cerrejón (Coal)	494	130	25	9	66
Jellinbah (Coal)	438	206	193	135	139
Ferroport (Iron Ore)	90	73	66	34	—
Other	7	15	11	11	15
	1,955	867	683	389	520

US\$ million	2018				
	Revenue	Underlying EBITDA	Underlying EBIT	Share of net income	Dividends received
Samancor (Nickel and Manganese)	1,147	663	610	380	405
Cerrejón (Coal)	838	388	295	184	194
Jellinbah (Coal)	482	241	228	160	138
Ferroport (Iron Ore)	29	14	7	(2)	—
Other	90	28	6	6	—
	2,586	1,334	1,146	728	737

US\$ million	Aggregate investment	
	2019	2018
Samancor (Nickel and Manganese)	357	404
Cerrejón (Coal)	487	837
Jellinbah (Coal)	240	246
Ferroport (Iron Ore)	152	123
Other	97	105
	1,333	1,715

Accounting judgements

Impairment testing

The Group has previously impaired its investment in Samancor (Nickel and Manganese). In 2019 the Group has impaired its investment in Cerrejón (Coal). For the purposes of impairment testing, the recoverable amount 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.

Accounting policy

See note 38I 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.

	2019				2018			
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	358	—	38	396	446	—	115	561
Additions	—	—	4	4	—	—	25	25
Interest receivable	19	—	—	19	19	—	—	19
Net loans advanced	33	17	—	50	18	—	4	22
Disposals	—	—	—	—	(21)	—	(63)	(84)
Impairments	(5)	—	—	(5)	(31)	—	—	(31)
Fair value and other movements	—	(14)	21	7	—	—	(44)	(44)
Currency movements	(32)	—	(5)	(37)	(73)	—	1	(72)
At 31 December	373	3	58	434	358	—	38	396

During 2018, Anglo American Platinum disposed of certain investments made under the PGM Investment programme to a venture capital fund managed by AP Ventures LLP, over which the Group has joint control as an equity accounted joint venture.

Accounting policy

See note 38D 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	Other	Total
At 31 December 2018	(1,258)	(607)	(133)	(65)	(632)	(2,695)
Impact of adoption of IFRS 16 (note 38)	—	—	—	15	—	15
At 1 January 2019	(1,258)	(607)	(133)	(50)	(632)	(2,680)
Charged to the income statement	(237)	1	(46)	(1)	(152)	(435)
Capitalised	(60)	(89)	—	—	(77)	(226)
Unwinding of discount	(59)	(32)	(1)	(3)	—	(95)
Amounts applied	41	26	37	5	141	250
Unused amounts reversed	14	13	5	9	80	121
Other movements	—	—	1	—	—	1
Currency movements	(35)	28	(1)	—	(1)	(9)
At 31 December 2019	(1,594)	(660)	(138)	(40)	(641)	(3,073)
Current	(80)	(34)	(121)	(14)	(267)	(516)
Non-current	(1,514)	(626)	(17)	(26)	(374)	(2,557)

Further information

Environmental restoration

The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs, based on management's best estimate of the legal and constructive obligations incurred. Changes in legislation could result in changes in provisions recognised. It is anticipated that the majority of these costs will be incurred over a period in excess of 10 years.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that the majority of these costs will be incurred over a period in excess of 20 years.

The pre-tax, real discount rates that have been used in calculating the environmental restoration and decommissioning liabilities as at 31 December 2019, in the principal currencies in which these liabilities are denominated are as follows: US dollar: 1.5% (2018: 2.1%); South African rand: 4.0% (2018: 4.0%); Australian dollar: 2.0% (2018: 2.0%); Chilean peso: 2.5% (2018: 2.5%); and Brazilian real: 6.0% (2018: 6.0%).

Employee benefits

Provision is made for statutory or contractual employee entitlements where there is significant uncertainty over the timing or amount of settlement. It is anticipated that these costs will be incurred when employees choose to take their benefits.

Onerous contracts

Provision is made for the present value of certain long-term contracts where the unavoidable cost of meeting the Group's obligations is expected to exceed the benefits to be received. It is anticipated that the majority of these costs will be incurred over a period of up to six years. Following the adoption of IFRS 16 Leases, onerous lease provisions at 31 December 2018 have been reversed and equivalent impairments recorded against the carrying values of the corresponding right-of-use assets (note 11).

CAPITAL BASE

15. PROVISIONS FOR LIABILITIES AND CHARGES continued

Other

Other provisions charged to the income statement primarily relate to restructuring costs, indemnities, legal and other claims and liabilities. Capitalised other provisions primarily relate to social commitments in Quellaveco.

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:

US\$ million	2019	2018
Equity	97	104
Bonds	147	146
Cash	57	53
	301	303

These assets are primarily denominated in South African rand. Cash is held in short-term fixed deposits or earns interest at floating inter-bank rates. Bonds earn interest at a weighted average fixed rate of 8.0% (2018: 8.0%) for an average period of six years (2018: five years). Equity investments are recorded at fair value through profit and loss and bonds are recorded at amortised cost.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions stated above.

Accounting policy

See note 38D 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	2019	2018
At 1 January	(2,766)	(2,997)
Charged to the income statement	(52)	(127)
Charged to the statement of comprehensive income	—	(28)
(Charged)/credited directly to equity	(7)	12
Disposal of business	—	47
Currency movements	(40)	327
At 31 December	(2,865)	(2,766)
Comprising:		
Deferred tax assets	1,057	910
Deferred tax liabilities	(3,922)	(3,676)

Further information

The amount of deferred tax recognised in the Consolidated balance sheet is as follows:

US\$ million	2019	2018
Deferred tax assets		
Tax losses	357	221
Post employment benefits	23	23
Share-based payments	6	23
Enhanced tax depreciation	261	228
Depreciation in excess of capital allowances	791	264
Other temporary differences	(381)	151
	1,057	910
Deferred tax liabilities		
Capital allowances in excess of depreciation	(3,461)	(3,072)
Fair value adjustments	(694)	(691)
Tax losses	134	95
Provisions	464	413
Withholding tax	(99)	(126)
Other temporary differences	(266)	(295)
	(3,922)	(3,676)

The deferred tax liability on other temporary differences arises primarily in relation to deferred stripping costs, and functional currency differences, partially offset by an amount related to post employment benefits.

CAPITAL BASE**16. DEFERRED TAX** *continued*

The amount of deferred tax charged to the Consolidated income statement is as follows:

US\$ million	2019	2018
Capital allowances in excess of depreciation	(505)	(456)
Fair value adjustments	70	35
Tax losses	694	173
Provisions	171	14
Withholding tax	7	273
Other temporary differences	(489)	(166)
	(52)	(127)

Deferred tax charged to the income statement includes a credit of \$406 million (2018: charge of \$110 million) relating to deferred tax remeasurements and a charge of \$546 million (2018: charge of \$200 million) relating to deferred tax on special items.

A net deferred tax asset of \$808 million (2018: \$705 million) is recognised in Brazil in relation to the Minas-Rio and Barro Alto mines. This relates primarily to tax losses, deductible goodwill and fixed asset temporary differences, and is partially offset by functional currency taxable temporary differences. Deferred tax assets are recognised to the extent that the business has forecast taxable profits against which the assets can be recovered.

The Group has the following temporary differences for which no deferred tax assets have been recognised:

	2019				2018			
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	21	—	—	21	17	—	—	17
Greater than five years	17	—	1,680	1,697	26	—	2,102	2,128
No expiry date	5,486	2,157	1,390	9,033	3,750	1,266	6,583	11,599
	5,524	2,157	3,070	10,751	3,793	1,266	8,685	13,744

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements 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 aggregate amount of temporary differences associated with such investments in subsidiaries, branches, associates and interests in joint arrangements is represented by the contribution of those investments to the Group's retained earnings and amounted to \$23,348 million (2018: \$23,760 million).

Accounting judgements**Recognition of deferred tax asset**

In accordance with the requirements of IAS 12 *Income Taxes*, the Group reassesses the recognition and recoverability of deferred tax assets at the end of each reporting period. See note 7.

Accounting policy

See note 38G 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	2019	2018
Inventories	4,962	4,466
Trade and other receivables	3,062	2,734
Trade and other payables	(5,499)	(4,879)
	2,525	2,321

Working capital was broadly flat in 2019. The net increase in the total working capital balance is attributable to increased stock volumes and operating receivables offset by increased operating payables.

17. INVENTORIES

Overview

Inventories represent goods held for sale in the ordinary course of business (finished products), ore being processed into a saleable condition (work in progress) and spares, raw materials and consumables to be used in the production process (raw materials and consumables).

US\$ million	2019	2018
Raw materials and consumables	787	771
Work in progress	2,103	1,911
Finished products	2,072	1,784
	4,962	4,466

Further information

The cost of inventories recognised as an expense and included in cost of sales amounted to \$16,089 million (2018: \$17,170 million). The write-down of inventories to net realisable value (net of revaluation of provisionally priced purchases) amounted to \$140 million (2018: \$59 million).

Work in progress includes \$544 million (2018: \$332 million) of ore stockpiles that are not expected to be processed within the next 12 months. These stockpiles are classified as current as they are expected to be consumed within the normal business cycle and there is the ability to process and market the ore.

Accounting judgements

Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of work in progress inventory within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group taking into account technical analysis and historical performance.

Accounting policy

See note 38E 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. Contract assets represent prepaid freight costs for sales contracts where the Group has an outstanding performance obligation to provide freight services.

US\$ million	2019			2018		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	1,212	19	1,231	1,188	21	1,209
Tax receivables	554	342	896	418	350	768
Prepayments and accrued income	235	44	279	178	30	208
Contract assets	46	—	46	9	—	9
Other receivables	339	271	610	233	307	540
	2,386	676	3,062	2,026	708	2,734

Further information

The Group applies the simplified expected credit loss model for its trade receivables measured at amortised cost, as permitted by IFRS 9 *Financial Instruments*. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and financial metrics, adjusted as appropriate for current observable data.

As part of its approach to working capital management the Group uses debtor discounting arrangements. These arrangements are on a non-recourse basis and hence the related receivables are derecognised from the Group balance sheet.

Of the year end trade receivables balance, \$35 million (2018: \$27 million) were past due, stated after an associated impairment provision of \$22 million (2018: \$18 million). The overdue debtor ageing profile is typical of the industry in which certain of the Group's businesses operate. Given this, 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 38C), 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. Other payables includes deferred consideration in respect of business combinations and dividends payable to non-controlling interests.

US\$ million	2019	2018
Trade payables	2,543	2,378
Accruals	1,635	1,481
Contract liabilities	747	478
Deferred income	17	17
Tax and social security	81	45
Other payables	476	480
	5,499	4,879

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. \$126 million (2018: \$145 million) of other payables is included within non-current liabilities.

Contract liabilities represent \$694 million (2018: \$457 million) for payments received in advance for metal which is expected to be delivered within six months and \$53 million (2018: \$21 million) in respect of freight performance obligations which are expected to be completed within 30 to 45 days.

NET DEBT AND FINANCIAL RISK MANAGEMENT

Net debt increased from \$2.8 billion to \$4.6 billion during the year, driven by the adoption of IFRS 16 *Leases* and the share buy-back programme. Gearing has increased from 9% at 31 December 2018 to 13% at 31 December 2019.

US\$ million	2019	2018
Net assets	31,385	29,832
Net debt including related derivatives (note 20)	4,626	2,848
Total capital	36,011	32,680
Gearing	13%	9%

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives that provide an economic hedge of net debt and excluding the impact of the debit valuation adjustment). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt.

20. NET DEBT

Overview

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 228.

Movement in net debt

US\$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt	Net debt including derivatives
At 1 January 2018	7,792	(1,324)	(10,620)	(4,152)	(349)	(4,501)
Cash flow	(948)	1,077	1,666	1,795	250	2,045
Reclassifications	—	(434)	434	—	—	—
Movement in fair value	—	8	116	124	(345)	(221)
Other non-cash movements	—	34	(137)	(103)	—	(103)
Currency movements	(296)	58	170	(68)	—	(68)
At 31 December 2018	6,548	(581)	(8,371)	(2,404)	(444)	(2,848)
Impact of adoption of IFRS 16 (note 38)	—	(148)	(321)	(469)	—	(469)
At 1 January 2019	6,548	(729)	(8,692)	(2,873)	(444)	(3,317)
Cash flow	(168)	583	(1,396)	(981)	152	(829)
Reclassifications	—	(593)	593	—	—	—
Movement in fair value	—	(3)	(231)	(234)	53	(181)
Other non-cash movements	—	(231)	(91)	(322)	—	(322)
Currency movements	(45)	(5)	73	23	—	23
At 31 December 2019	6,335	(978)	(9,744)	(4,387)	(239)	(4,626)

Following the adoption of IFRS 16 *Leases*, lease liabilities of \$469 million were recognised within external borrowings included within net debt at the date of transition at 1 January 2019. Corresponding right-of-use assets were recognised within Property, plant and equipment. Refer to note 11.

Other non-cash movements include \$306 million relating to leases entered into in the year ended 31 December 2019.

NET DEBT AND FINANCIAL RISK MANAGEMENT

20. NET DEBT continued

Further information

Reconciliation to the Consolidated balance sheet

US\$ million	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
	2019	2018	2019	2018	2019	2018
Balance sheet	6,345	6,567	(990)	(600)	(9,744)	(8,371)
Balance sheet – disposal groups	2	—	—	—	—	—
Bank overdrafts	(12)	(19)	12	19	—	—
Net cash/(debt) classifications	6,335	6,548	(978)	(581)	(9,744)	(8,371)

South Africa net cash

The Group operates in South Africa where the existence of exchange controls may restrict the use of certain cash balances. The Group therefore monitors the cash and debt associated with these operations separately. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations. On an owned basis cash and cash equivalents in South Africa is \$5,001 million (2018: \$5,316 million) and net cash is \$4,282 million (2018: \$4,603 million).

As part of the Group cash pooling arrangement, cash that is legally owned by South African companies is managed outside of South Africa. Below is a breakdown of net (debt)/cash managed in South Africa:

US\$ million	2019	2018
Cash and cash equivalents	389	1,382
Short term borrowings	(42)	(113)
Medium and long term borrowings	(678)	(601)
Net (debt)/cash excluding derivatives	(331)	668
Derivatives hedging net debt	1	1
Net (debt)/cash including derivatives	(330)	669

On the adoption of IFRS 16 Leases at 1 January 2019, lease liabilities of \$94 million for assets leased in South Africa were recognised within borrowings included within South Africa net cash.

Debit valuation adjustment

The debit valuation adjustments 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 (as detailed on page 228). The movement in the debit valuation adjustments are as follows:

US\$ million	2019	2018
At 1 January	15	9
Movement in fair value	(14)	6
At 31 December	1	15

Accounting policy

See note 38F for the Group's accounting policy on cash and debt.

NET DEBT AND FINANCIAL RISK MANAGEMENT

21. BORROWINGS

Overview

The Group accesses borrowings mostly in capital markets through bonds issued under the Euro Medium Term Note (EMTN) programme, the South African Domestic Medium Term Note (DMTN) programme and through accessing the US bond markets. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are floating rate US dollar denominated.

In March 2019, the Group issued bonds with a US dollar equivalent value of \$1.0 billion. The issuance consisted of €500 million 1.625% Guaranteed Notes due 2026 and £300 million 3.375% Guaranteed Notes due 2029, both under the Euro Medium Term Note Programme.

Further information

US\$ million	2019				2018			
	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	26	15	41	41	25	31	56	56
Leases (2018: finance leases)	209	345	554	554	12	58	70	70
Other loans	12	108	120	120	—	57	57	57
	247	468	715	715	37	146	183	183
Unsecured								
Bank loans and overdrafts	131	93	224	224	13	129	142	142
Bonds issued under EMTN programme								
2.75% €279m bond due June 2019	—	—	—	—	323	—	323	351
1.5% €139m bond due April 2020	155	—	155	152	—	169	169	152
2.875% €281m bond due November 2020	320	—	320	377	—	322	322	377
2.5% €378m bond due April 2021	—	432	432	492	—	445	445	492
3.5% €750m bond due March 2022	—	890	890	992	—	924	924	992
3.25% €750m bond due April 2023	—	889	889	1,033	—	910	910	1,033
1.625% €600m bond due September 2025	—	695	695	714	—	689	689	714
1.625% €500m bond due March 2026	—	569	569	566	—	—	—	—
3.375% £300 million bond due March 2029	—	400	400	395	—	—	—	—
US bonds								
4.125% \$500m bond due April 2021	—	502	502	500	—	494	494	500
3.75% \$300m bond due April 2022	—	301	301	300	—	292	292	300
4.125% \$600m bond due September 2022	—	599	599	600	—	579	579	600
3.625% \$650m bond due September 2024	—	654	654	650	—	624	624	650
4.875% \$650m bond due May 2025	—	661	661	650	—	628	628	650
4.75% \$700m bond due April 2027	—	723	723	700	—	678	678	700
4% \$650m bond due September 2027	—	661	661	650	—	616	616	650
4.5% \$650m bond due March 2028	—	696	696	650	—	651	651	650
Bonds issued under DMTN programme								
9.27% R1,400m bond due March 2019	—	—	—	—	97	—	97	97
9.49% R650m bond due April 2021	—	47	47	46	—	46	46	45
JIBAR+1.47% R400m bond due April 2021	—	29	29	29	—	28	28	28
Interest payable and other loans	137	435	572	572	130	1	131	131
	743	9,276	10,019	10,292	563	8,225	8,788	9,254
Total borrowings	990	9,744	10,734	11,007	600	8,371	8,971	9,437

Accounting policy

See note 38F 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.

						2019
US\$ million	At fair value through profit and loss	Financial assets at amortised cost	At fair value through other comprehensive income	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets						
Trade and other receivables	1,166	766	—	—	—	1,932
Derivative financial assets	79	—	—	354	—	433
Cash and cash equivalents	4,282	2,063	—	—	—	6,345
Financial asset investments	3	373	58	—	—	434
	5,530	3,202	58	354	—	9,144
Financial liabilities						
Trade and other payables	(944)	—	—	—	(3,710)	(4,654)
Derivative financial liabilities	(677)	—	—	—	—	(677)
Borrowings	—	—	—	(9,320)	(1,414)	(10,734)
	(1,621)	—	—	(9,320)	(5,124)	(16,065)
Net financial assets/(liabilities)	3,909	3,202	58	(8,966)	(5,124)	(6,921)

						2018
US\$ million	At fair value through profit and loss	Financial assets at amortised cost	At fair value through other comprehensive income	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets						
Trade and other receivables	996	810	—	—	—	1,806
Derivative financial assets	129	—	—	212	—	341
Cash and cash equivalents	4,407	2,160	—	—	—	6,567
Financial asset investments	—	358	38	—	—	396
	5,532	3,328	38	212	—	9,110
Financial liabilities						
Trade and other payables	(909)	—	—	—	(3,430)	(4,339)
Derivative financial liabilities	(607)	—	—	(109)	—	(716)
Borrowings	—	—	—	(8,599)	(372)	(8,971)
	(1,516)	—	—	(8,708)	(3,802)	(14,026)
Net financial assets/(liabilities)	4,016	3,328	38	(8,496)	(3,802)	(4,916)

Trade and other receivables exclude prepayments and tax receivables. Trade and other payables exclude tax, social security, contract liabilities and deferred income.

The Group's cash and cash equivalents at 31 December 2019 include \$4,282 million (2018: \$4,407 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:

US\$ million	2019				2018			
	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	—	847	—	847	—	726	—	726
Other receivables	—	—	319	319	—	—	270	270
Derivatives hedging net debt	—	8	—	8	—	7	—	7
Other derivatives	—	71	—	71	9	113	—	122
Cash and cash equivalents	4,280	2	—	4,282	4,407	—	—	4,407
Financial asset investments	—	—	3	3	—	—	—	—
Designated into hedges								
Derivatives hedging net debt	—	354	—	354	—	212	—	212
At fair value through other comprehensive income								
Financial asset investments	11	—	47	58	10	—	28	38
	4,291	1,282	369	5,942	4,426	1,058	298	5,782
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	—	(766)	—	(766)	—	(751)	—	(751)
Other payables	—	—	(178)	(178)	—	—	(158)	(158)
Derivatives hedging net debt	—	(601)	—	(601)	—	(554)	—	(554)
Other derivatives	(2)	(75)	—	(77)	(8)	(60)	—	(68)
Debit valuation adjustment to derivative liabilities	—	1	—	1	—	15	—	15
Designated into hedges								
Derivatives hedging net debt	—	—	—	—	—	(109)	—	(109)
	(2)	(1,441)	(178)	(1,621)	(8)	(1,459)	(158)	(1,625)
Net assets/(liabilities) carried at fair value	4,289	(159)	191	4,321	4,418	(401)	140	4,157

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 and unlisted equity investments.

The movements in the fair value of the level 3 financial assets and liabilities are shown as follows:

US\$ million	Assets		Liabilities	
	2019	2018	2019	2018
At 1 January	298	284	(158)	(112)
Net profit/(loss) recorded in the income statement	53	(38)	(30)	11
Net profit/(loss) recorded in the statement of comprehensive income	22	(32)	—	—
Additions	17	155	—	(70)
Settlements and disposals	(28)	(37)	13	4
Currency movements	7	(34)	(3)	9
At 31 December	369	298	(178)	(158)

For the level 3 financial assets and liabilities, changing certain estimated inputs to reasonably possible alternative assumptions does not change the fair value significantly.

NET DEBT AND FINANCIAL RISK MANAGEMENT

22. FINANCIAL INSTRUMENTS AND DERIVATIVES *continued***Further information on financial instruments**

Borrowings designated in fair value hedges represent listed debt which is held at amortised cost, adjusted for the fair value of the hedged interest rate risk. The fair value of these borrowings is \$9,598 million (2018: \$8,519 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 of \$1,414 million (2018: \$372 million), principally comprising bank borrowings and lease liabilities, is considered to approximate the fair value.

Offsetting of financial assets and liabilities

The Group offsets financial assets and liabilities and presents them on a net basis in the Consolidated balance sheet only where there is a legally enforceable right to offset the recognised amounts, and the Group intends to either settle the recognised amounts on a net basis or to realise the asset and settle the liability simultaneously.

At 31 December 2019, 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 \$28 million (2018: \$57 million liability position) were offset against those in an asset position totalling \$62 million (2018: \$122 million asset position). The net asset position of \$34 million (2018: \$65 million net asset position) is presented within derivative assets (2018: within derivative assets) in the Consolidated balance sheet. The amounts presented only relate to the relevant operations that have derivative assets offset against derivative liabilities at 31 December 2019.

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

The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate, in accordance with the Group's policy) 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 2019, this adjustment was to increase the carrying value of borrowings by \$264 million (2018: \$30 million increase). Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and recognised in the Consolidated income statement as financing remeasurements. Recognised in the Consolidated income statement is a loss on fair value hedged items of \$234 million (2018: \$124 million gain), offset by a gain on fair value hedging instruments of \$236 million (2018: \$118 million loss).

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 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. Fair value changes on these derivatives are recognised in the Consolidated income statement as remeasurements or within underlying earnings in accordance with the policy set out in note 8.

Further information on derivatives**Fair value of derivative positions**

The fair value of the Group's open derivative positions at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within 'Derivative financial assets' and 'Derivative financial liabilities', is as follows:

US\$ million	2019		Current 2018		2019		Non-current 2018	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Derivatives hedging net debt								
Fair value hedge								
Interest rate swaps	7	—	7	—	347	—	205	(109)
Held for trading								
Forward foreign currency contracts	8	(16)	3	(7)	—	—	—	—
Cross currency swaps	—	(66)	—	(33)	—	(519)	4	(514)
Debit valuation adjustment to derivative liabilities	—	—	—	—	—	1	—	15
	15	(82)	10	(40)	347	(518)	209	(608)
Other derivatives	71	(73)	122	(63)	—	(4)	—	(5)
Total derivatives	86	(155)	132	(103)	347	(522)	209	(613)

Other derivatives primarily relate to forward foreign currency contracts hedging capital expenditure, forward commodity contracts and other commodity contracts that are accounted for as 'Held for trading'. These marked to market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at 31 December, at market prices and rates available at the time.

Accounting judgement**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 38D and 38F for the Group's accounting policies on financial asset investments, impairment of financial assets, derivative financial instruments and hedge accounting.

NET DEBT AND FINANCIAL RISK MANAGEMENT

23. FINANCIAL RISK MANAGEMENT

Overview

The Board approves and monitors the risk management processes, including documented treasury policies, counterparty limits and controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the Consolidated balance sheet at 31 December is as follows:

- liquidity risk
- credit risk
- commodity price risk
- foreign exchange risk
- interest rate risk.

A. Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short-term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any Group distribution restrictions that exist. In addition, certain projects may be financed by means of limited recourse project finance, if appropriate.

Certain borrowing facilities within the Group are the subject of financial covenants that vary from facility to facility, but which would be considered normal for such facilities, such as the ratio of net debt to tangible net worth. The respective borrowers remain in compliance with these facilities at 31 December 2019.

The expected undiscounted cash flows of the Group's net debt related and other financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date, are as follows:

US\$ million	2019				
	Net debt financial liabilities				Total
	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	
Amount due for repayment within one year	(764)	(345)	(128)	(4,602)	(5,839)
Greater than one year, less than two years	(1,097)	(316)	(112)	(12)	(1,537)
Greater than two years, less than three years	(1,807)	(281)	(161)	(20)	(2,269)
Greater than three years, less than four years	(883)	(218)	(206)	(18)	(1,325)
Greater than four years, less than five years	(765)	(189)	(15)	(18)	(987)
Greater than five years	(4,898)	(492)	(26)	(211)	(5,627)
Total due for repayment after more than one year	(9,450)	(1,496)	(520)	(279)	(11,745)
Total	(10,214)	(1,841)	(648)	(4,881)	(17,584)

US\$ million	2018				
	Net debt financial liabilities				Total
	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	
Amount due for repayment within one year	(462)	(337)	(134)	(4,262)	(5,195)
Greater than one year, less than two years	(530)	(313)	(152)	(20)	(1,015)
Greater than two years, less than three years	(1,044)	(286)	(140)	(17)	(1,487)
Greater than three years, less than four years	(1,787)	(254)	(169)	(19)	(2,229)
Greater than four years, less than five years	(880)	(193)	(207)	(18)	(1,298)
Greater than five years	(4,133)	(478)	(77)	(333)	(5,021)
Total due for repayment after more than one year	(8,374)	(1,524)	(745)	(407)	(11,050)
Total	(8,836)	(1,861)	(879)	(4,669)	(16,245)

The Group had the following undrawn committed borrowing facilities at 31 December:

US\$ million	2019	2018
Expiry date		
Within one year	228	223
Greater than one year, less than two years	394	1,182
Greater than two years, less than three years	1,121	1,035
Greater than three years, less than four years	1,538	—
Greater than four years, less than five years	5,385	4,874
	8,666	7,314

On 8 February 2019, the Group extended the maturity of \$4.3 billion of its revolving credit facility by one year from March 2023 to March 2024. Subsequent to this the Group exercised its second extension option on 10 February 2020 extending the maturity of \$4.3 billion of the facility by a further year and \$0.2 billion by two years to March 2025.

Undrawn committed borrowing facilities expiring within one year include undrawn South African rand facilities equivalent to \$0.2 billion (2018: \$0.2 billion) in respect of facilities with a 364 day maturity which roll automatically on a daily basis, unless notice is served.

NET DEBT AND FINANCIAL RISK MANAGEMENT

23. FINANCIAL RISK MANAGEMENT continued

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	2019	2018
Cash and cash equivalents	6,345	6,567
Trade and other receivables	1,932	1,806
Financial asset investments	373	358
Derivative financial assets	433	341
	9,083	9,072

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions approved by the Board. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings, shareholder equity (in case of relationship banks) and fund size (in case of asset managers).

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), and the use of payment security instruments (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

The classification of trade and other receivables excludes prepayments and tax receivables and 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 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:

US\$ million	2019				2018			
	Commodity price linked		Not linked to commodity price	Total	Commodity price linked		Not linked to commodity price	Total
	Subject to price movements	Fixed price			Subject to price movements	Fixed price		
Total net financial instruments (excluding derivatives)	16	290	(6,983)	(6,677)	(286)	456	(4,711)	(4,541)
Derivatives	(4)	—	(240)	(244)	67	—	(442)	(375)
	12	290	(7,223)	(6,921)	(219)	456	(5,153)	(4,916)

Commodity price linked financial instruments subject to price movements include provisionally priced trade receivables and trade payables.

Commodity price linked financial instruments at fixed price include receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

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, Brazilian real and Australian dollar are the most significant non-US dollar currencies influencing costs. A strengthening of the US dollar against the currencies to which the Group is exposed has a positive effect on the Group's earnings. The Group's policy is generally not to hedge such exposures given the correlation, over the longer term, with commodity prices and the diversified nature of the Group, although exceptions can be approved by the Group Management Committee.

In addition, currency exposures exist in respect of non-US dollar capital expenditure projects and non-US dollar borrowings in US dollar functional currency entities. The Group's policy is to evaluate whether or not to hedge its non-US dollar capital expenditure on a case-by-case basis, taking into account the estimated foreign exchange exposure, liquidity of foreign exchange markets and the cost of executing a hedging strategy.

Net other financial liabilities (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) are \$2,295 million. This includes net assets of \$58 million denominated in Brazilian real, and net liabilities of \$121 million denominated in US dollars, \$360 million denominated in Australian dollars, \$436 million denominated in Chilean pesos and \$1,036 million denominated in South African rand.

NET DEBT AND FINANCIAL RISK MANAGEMENT

23. FINANCIAL RISK MANAGEMENT continued

E. Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact the value of short-term investments and financing activities. The Group is principally exposed to US and South African interest rates.

Various inter-bank offer rates (IBOR) are expected to be replaced by alternative risk-free rates by the end of 2021 as part of the IBOR reform. The Group is currently assessing the impact of these changes on its hedging arrangements and any future transactions in the financial market.

The Group's policy is to borrow funds at floating rates of interest. The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its debt.

In respect of financial assets, the Group's policy is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments (less than one year) in order to maintain liquidity.

Analysis of interest rate risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within the table below. Net other financial liabilities (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) of \$2,295 million (2018: \$2,068 million) are primarily non-interest bearing.

The table below reflects the exposure of the Group's net debt to currency and interest rate risk.

	2019					
US\$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	5,443	(543)	(5,232)	(242)	(4,424)	(4,998)
Euro	18	—	(4,016)	—	4,013	15
South African rand	288	(54)	(149)	2	—	87
Brazilian real	181	—	(20)	—	—	161
Australian dollar	187	—	(47)	—	—	140
Sterling	22	(7)	(594)	1	411	(167)
Other	196	—	(60)	—	—	136
Impact of interest derivatives	—	(9,317)	9,317	—	—	—
Total	6,335	(9,921)	(801)	(239)	—	(4,626)

	2018					
US\$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	4,807	(134)	(4,660)	(445)	(3,844)	(4,276)
Euro	20	—	(3,844)	—	3,844	20
South African rand	1,250	(76)	(154)	1	—	1,021
Brazilian real	99	—	—	—	—	99
Australian dollar	165	—	—	—	—	165
Sterling	25	(7)	(57)	—	—	(39)
Other	182	(3)	(17)	—	—	162
Impact of interest derivatives	—	(8,599)	8,599	—	—	—
Total	6,548	(8,819)	(133)	(444)	—	(2,848)

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 2019 or 2018.

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 \$29.8 billion to \$31.4 billion in the year, principally reflecting the profit for the year, partially offset by equity settled share-based payments, cancellation of treasury shares and dividends to Company shareholders and non-controlling interests of \$2.2 billion.

TOTAL EQUITY

\$31.4 bn

(2018: \$29.8 bn)

24. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS

Called-up share capital

	2019		2018	
	Number of shares	US\$ million	Number of shares	US\$ million
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	—	—	50,000	—
Ordinary shares of 54 ⁸⁶ / ₉₁ US cents each:				
At 1 January and 31 December	1,371,602,399	753	1,405,465,332	772

Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined below) the number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2019 was 1,371,259,349 and \$753 million (2018: 1,404,916,230 and \$772 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

	2019		2018	
	Number of shares	US\$ million	Number of shares	US\$ million
Own shares				
Treasury shares	343,050	12	549,102	42
Own shares held by subsidiaries and employee benefit trusts	128,991,088	6,183	138,173,090	6,273
Total	129,334,138	6,195	138,722,192	6,315

The movement in treasury shares during the year is as follows:

	2019		2018	
	Number of shares	US\$ million	Number of shares	US\$ million
Treasury shares				
At 1 January	549,102	42	851,900	53
Transferred to employees in settlement of share awards	(206,052)	(30)	(302,798)	(11)
At 31 December	343,050	12	549,102	42

Included in Own shares are 112,300,129 (2018: 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 38B.

Included in the calculation of the dividend payable are 9,356,783 (\$267 million) shares held in treasury and in the Employee Benefit Trust in respect of forfeitable share awards granted to certain employees. Under the terms of these awards, the shares are beneficially owned by the respective employees, who are entitled to receive dividends in respect of the shares. The shares are released to the employees on vesting of the awards, and any shares that do not vest are returned to the Company or the Employee Benefit Trust. These shares are recognised on the Consolidated balance sheet within Own shares and are excluded from the calculation of basic earnings per share. They are included in the calculation of diluted earnings per share to the extent that the related share awards are dilutive (see note 3).

EQUITY

24. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS continued

Consolidated equity analysis

Fair value and other reserves comprise:

US\$ million	Share-based payment reserve	Financial asset revaluation reserve	Other reserves	Total fair value and other reserves
At 1 January 2018	442	11	119	572
Total comprehensive expense	—	(37)	—	(37)
Equity settled share-based payment schemes	(9)	—	—	(9)
Other	—	10	1	11
At 31 December 2018	433	(16)	120	537
Total comprehensive income	—	68	—	68
Equity settled share-based payment schemes	(2)	—	—	(2)
Cancellation of treasury shares	—	—	19	19
Other	—	(55)	3	(52)
At 31 December 2019	431	(3)	142	570

Other reserves comprise a capital redemption reserve of \$134 million (2018: \$115 million), a legal reserve of \$3 million (2018: \$5 million) and other reserves of \$5 million (2018: nil).

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% (2018: 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% (2018: 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 20.6% (2018: 20.6%) interest in the operations of Anglo American Platinum, which represents the whole of the Platinum Group Metals reportable segment.
- Kumba Iron Ore Limited (Kumba Iron Ore), is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Sishen and Kolomela iron ore mines which are located in South Africa. Non-controlling interests hold an effective 46.6% (2018: 46.4%) interest in the operations of Kumba Iron Ore, comprising the 29.7% (2018: 29.7%) interest held by other shareholders in Kumba Iron Ore and the 23.7% (2018: 23.7%) of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company Proprietary Limited, that is held by shareholders outside the Group.

	2019						2018					
	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	—	118	259	686	5	1,068	53	191	133	434	52	863
Profit attributable to non-controlling interests	1	56	269	691	18	1,035	34	191	117	432	50	824
Dividends paid to non-controlling interests	(9)	(143)	(79)	(638)	(25)	(894)	(10)	(310)	(47)	(460)	(10)	(837)
Balance sheet information:												
Equity attributable to non-controlling interests	1,406	1,619	906	1,555	1,104	6,590	1,409	1,573	691	1,474	1,087	6,234

Other non-controlling interests consist of individually immaterial non-controlling interests.

EQUITY

25. NON-CONTROLLING INTERESTS continued

Further information

Summarised financial information on a 100% basis and before inter-company eliminations for De Beers, Anglo American Platinum, Kumba Iron Ore and Anglo American Sur is as follows:

US\$ million	2019				2018			
	De Beers	Anglo American Platinum	Kumba Iron Ore	Anglo American Sur	De Beers	Anglo American Platinum	Kumba Iron Ore	Anglo American Sur
Non-current assets	9,006	5,424	2,971	4,084	8,621	5,047	2,782	4,104
Current assets	3,835	3,342	1,893	1,100	3,713	2,489	1,701	1,165
Current liabilities	(694)	(2,115)	(499)	(531)	(639)	(1,761)	(405)	(891)
Non-current liabilities	(2,155)	(1,342)	(911)	(1,405)	(1,747)	(1,507)	(796)	(1,227)
Net assets	9,992	5,309	3,454	3,248	9,948	4,268	3,282	3,151
Revenue	4,599	6,866	4,445	2,287	6,076	5,596	3,440	2,544
Profit/(loss) for the financial year ⁽¹⁾	(21)	1,247	1,466	113	203	481	922	385
Total comprehensive income/(expense)	69	1,421	1,589	96	(428)	(178)	450	381
Net cash inflow from operating activities	361	1,985	1,860	437	1,041	1,124	1,008	947

⁽¹⁾ Stated after special items and remeasurements.

Change in ownership interests in subsidiaries

In 2019, there have been no material changes in ownership interests in subsidiaries.

In 2018, the Board approved the development of the Quellaveco copper project in Peru and Mitsubishi increased its interest in Anglo American Quellaveco S.A. (AAQSA) from 18.1% to 40% via the issuance of new shares. Mitsubishi subscribed \$500 million in upfront consideration and an additional \$351 million to fund its initial share of capex, resulting in a total cash subscription of \$851 million. An amount of \$674 million was transferred to non-controlling interests within equity, which reflected the increase in Mitsubishi's proportionate share of the net assets of AAQSA. The difference of \$163 million between the increase in the non-controlling interests and the net consideration received was credited to retained earnings.

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 63,000 employees during 2019, down 1,000 since the prior year.

EMPLOYEES

63,000

(2018: 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	2019	2018
De Beers	9	10
Copper	4	4
Platinum Group Metals	31	33
Iron Ore	9	8
Coal	7	7
Nickel and Manganese	1	1
Corporate and other	2	1
	63	64

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	2019	2018
South Africa	45	47
Other Africa	4	4
South America	8	8
North America	1	1
Australia and Asia	3	2
Europe	2	2
	63	64

Employee costs

Payroll costs in respect of the employees included in the tables above were:

US\$ million	2019	2018
Wages and salaries	2,877	2,871
Social security costs	182	163
Post employment benefits	245	271
Share-based payments	163	185
Total payroll costs	3,467	3,490
Reconciliation:		
Less: Employee costs capitalised	(108)	(83)
Employee costs included in operating costs	3,359	3,407

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	2019	2018
Salaries and short-term employee benefits	24	21
Social security costs	13	5
Post employment benefits	3	3
Share-based payments	23	24
	63	53

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 and special items) was \$136 million (2018: \$148 million) and for defined contribution medical plans (net of amounts capitalised) was \$69 million (2018: \$71 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 2019 were \$41 million (2018: \$191 million). In addition, \$21 million (2018: \$12 million) of benefits were paid to unfunded pension plans and \$25 million (2018: \$25 million) of benefits were paid in relation to post employment medical plans. The Group expects to contribute \$56 million to its pension plans and \$28 million to its post employment medical plans in 2020.

Income statement

The amounts recognised in the Consolidated income statement are as follows:

US\$ million	2019			2018		
	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Charged to operating costs	12	3	15	30	3	33
Net (credit)/charge to net finance costs	(16)	35	19	(14)	36	22
Total net (credit)/charge to the income statement before special items	(4)	38	34	16	39	55
Special items (note 8)	—	—	—	80	—	80
Total net (credit)/charge to the income statement	(4)	38	34	96	39	135

Net (credit)/charge to net finance costs includes interest expense on surplus restriction of \$11 million (2018: \$17 million).

EMPLOYEES

27. RETIREMENT BENEFITS continued

Comprehensive income

The pre-tax amounts recognised in the Consolidated statement of comprehensive income are as follows:

	2019			2018		
US\$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Return on plan assets, excluding interest income	334	—	334	(177)	—	(177)
Actuarial (losses)/gains on plan liabilities	(488)	14	(474)	240	5	245
Movement in surplus restriction	12	—	12	67	—	67
Remeasurement of net defined benefit obligation	(142)	14	(128)	130	5	135

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	2019	2018
Net asset/(liability) recognised at 1 January	39	(227)
Net income statement charge before special items	(34)	(55)
Remeasurement of net defined benefit obligation	(128)	135
Employer contributions to funded pension plans	41	191
Benefits paid to unfunded plans	46	37
Effects of Curtailments/Settlements (note 8)	—	(80)
Other	1	10
Currency movements	15	28
Net (liability)/asset recognised at 31 December	(20)	39
Amounts recognised as:		
Defined benefit pension plans in surplus	631	648
Retirement benefit obligation – pension plans	(264)	(232)
Retirement benefit obligation – medical plans	(387)	(377)
	(20)	39

Defined benefit pension plans in surplus are included in 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:

	2019			2018		
US\$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	4,791	12	4,803	5,731	14	5,745
Interest income	188	1	189	212	1	213
Return on plan assets, excluding interest income	334	—	334	(177)	—	(177)
Contributions paid by employer to funded pension plans	41	—	41	191	—	191
Benefits paid	(236)	(1)	(237)	(309)	(1)	(310)
Effects of Curtailments/Settlements	(2)	—	(2)	(479)	—	(479)
Other	17	—	17	2	—	2
Currency movements	125	—	125	(380)	(2)	(382)
As at 31 December	5,258	12	5,270	4,791	12	4,803

The changes in the present value of defined benefit obligations are as follows:

	2019			2018		
US\$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	(4,259)	(389)	(4,648)	(5,331)	(454)	(5,785)
Current service costs	(12)	(3)	(15)	(30)	(3)	(33)
Interest costs	(161)	(36)	(197)	(181)	(37)	(218)
Actuarial (losses)/gains	(488)	14	(474)	240	5	245
Benefits paid	257	26	283	321	26	347
Effects of Curtailments/Settlements	2	—	2	399	—	399
Other	(16)	—	(16)	(5)	13	8
Currency movements	(96)	(11)	(107)	328	61	389
As at 31 December	(4,773)	(399)	(5,172)	(4,259)	(389)	(4,648)

The most significant actuarial loss arose from changing financial assumptions on pension plans totalling \$527 million (2018: gain arose from changing financial assumptions on pension plans totalling \$255 million).

EMPLOYEES

27. RETIREMENT BENEFITS *continued*

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	2019				2018			
	South Africa	United Kingdom	Other	Total	South Africa	United Kingdom	Other	Total
Corporate bonds	137	2,467	3	2,607	274	2,128	5	2,407
Government bonds	359	1,818	86	2,263	224	1,579	70	1,873
Equity	90	32	6	128	95	57	5	157
Cash	152	29	—	181	135	41	2	178
Other	2	77	—	79	—	176	—	176
Fair value of pension plan assets	740	4,423	95	5,258	728	3,981	82	4,791
Active members	(4)	—	(18)	(22)	(5)	—	(8)	(13)
Deferred members	(2)	(1,484)	(7)	(1,493)	(2)	(1,262)	(3)	(1,267)
Pensioners	(476)	(2,500)	(83)	(3,059)	(471)	(2,242)	(76)	(2,789)
Present value of funded obligations	(482)	(3,984)	(108)	(4,574)	(478)	(3,504)	(87)	(4,069)
Present value of unfunded obligations	—	—	(199)	(199)	—	—	(190)	(190)
Net surplus/(deficit) in pension plans	258	439	(212)	485	250	477	(195)	532
Surplus restriction	(118)	—	—	(118)	(116)	—	—	(116)
Recognised retirement benefit assets/(liabilities)	140	439	(212)	367	134	477	(195)	416
Other non-current assets – pension plans	140	491	—	631	134	513	1	648
Retirement benefit obligation – pension plans	—	(52)	(212)	(264)	—	(36)	(196)	(232)

The fair value of assets is used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 115% (2018: 118%) 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 \$191 million (2018: \$181 million) relating to active members. All material investments are quoted.

In South Africa the asset recognised is restricted to the amount in the Employer Surplus Account. The Employer Surplus Account is the amount that the Group is entitled to by way of a refund, taking into consideration any contingency reserves as recommended by the funds' actuaries.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits are detailed below (shown as weighted averages):

	2019			2018		
	South Africa	United Kingdom	Other	South Africa	United Kingdom	Other
Defined benefit pension plans						
Average discount rate for plan liabilities	9.9%	2.0%	3.9%	9.8%	2.9%	5.3%
Average rate of inflation	5.6%	2.9%	3.1%	6.3%	3.2%	3.0%
Average rate of increase of pensions in payment	5.6%	3.2%	2.8%	6.3%	3.4%	2.8%
Post employment medical plans						
Average discount rate for plan liabilities	9.9%	n/a	7.6%	9.8%	n/a	7.7%
Average rate of inflation	5.6%	n/a	5.0%	6.3%	n/a	5.3%
Expected average increase in healthcare costs	8.0%	n/a	7.6%	8.4%	n/a	7.8%

The weighted average duration of the South African plans is nine years (2018: 11 years), United Kingdom plans is 18 years (2018: 18 years) and plans in other regions is 14 years (2018: 13 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):

Years	Male		Female	
	2019	2018	2019	2018
South Africa	18.7	18.8	23.4	23.4
United Kingdom	27.7	27.7	29.2	29.2
Other	24.3	24.2	28.5	28.4

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):

Years	Male		Female	
	2019	2018	2019	2018
South Africa	18.8	18.8	23.4	23.4
United Kingdom	28.7	28.8	30.7	30.7
Other	25.4	25.2	29.5	29.3

EMPLOYEES

27. RETIREMENT BENEFITS continued

Risk of plans

The Group has identified the main risk to its defined benefit pension schemes as being interest rate risk due to the impact on the UK discount rate assumption:

Risk	Description	Mitigation
Interest rate risk	A fall in longer-term real and nominal interest rates expectations causes gilt yields and corporate bond yields to decrease, which results in a lower discount rate being applied to the UK pension liabilities and so, with all else being held equal, the value of the pension scheme liabilities increases. If the pension scheme assets do not increase by the same amount as the increase in the pension scheme liabilities (caused by the fall in interest rates) then, all else being equal, this will result in a worsening of the pension scheme funding position.	The Trustees' investment strategies vary by plan for the UK and include investing, with the intention of counter-balancing the movements in the liabilities, in fully owned (fully funded) physical credit and gilts, and by gaining unfunded exposure to gilts (via gilt repurchase agreements) and other fixed income based derivatives to match the real and nominal interest rate sensitivity of the pension scheme liabilities. Approximately 75-100% (depending on the scheme) of the pension scheme liabilities are currently hedged against movements in real and nominal interest rates. The Trustees' hedging strategies are typically designed to protect the respective schemes' funding plans against volatility in market yields. The discount rate used to calculate any funding requirement for the schemes is linked to gilt yields rather than to corporate bond yields as required under IAS 19. Consequently the valuation of the net retirement benefit obligation for accounting purposes remains susceptible to movements in value due to the difference between corporate bond and gilt yields. In addition, since corporate bond yields are typically higher than gilt yields, this can result in the recognition of accounting surpluses in respect of schemes where cash contributions continue to be made to meet funding shortfalls.

Sensitivity analysis

Significant actuarial assumptions for the determination of pension and medical plan liabilities are the discount rate, inflation rate and mortality. The sensitivity analysis below has been provided by local actuaries on an approximate basis based on changes in the assumptions occurring at the end of the year, assuming that all other assumptions are held constant and the effect of interrelationships is excluded. The effect on plan liabilities is as follows:

US\$ million	2019			
	South Africa	United Kingdom	Other	Total
Discount rate – 0.5% decrease	(37)	(377)	(17)	(431)
Inflation rate – pension plans – 0.5% increase	(19)	(137)	(13)	(169)
Inflation rate – medical plans – 0.5% increase	(16)	—	(3)	(19)
Life expectancy – increase by 1 year	(28)	(193)	(4)	(225)

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 2019. 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 38H for the Group's accounting policy on retirement benefits.

EMPLOYEES**28. SHARE-BASED PAYMENTS****Overview**

During the year ended 31 December 2019 the Group had share-based payment arrangements with employees relating to shares of the Company. All of these Company schemes, as well as any non-cyclical awards, are equity settled either by award of ordinary shares (BSP, LTIP, SIP and Non-cyclical) or award of options to acquire ordinary shares (SAYE). The awards are conditional on employment. LTIP awards granted prior to 2017 vest in accordance with the achievement of performance conditions based on a Group ROCE target and relative TSR targets. LTIPs granted since 2017 vest in accordance with the achievement of relative TSR targets and a balanced scorecard of measures including a Group ROCE target, an attributable free cash flow target and environmental, social and governance targets.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US\$ million	2019	2018
BSP	80	88
LTIP	58	63
Other schemes	3	13
Share-based payment charge relating to Anglo American plc shares	141	164

In addition there are equity settled share-based payment charges of \$6 million (2018: \$5 million) relating to Kumba Iron Ore Limited shares and \$10 million (2018: \$13 million) relating to Anglo American Platinum Limited shares. Certain business units also operate cash settled employee share-based payment schemes. These schemes had a charge of \$6 million (2018: \$3 million).

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 54⁹⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2019	2018
Outstanding at 1 January	17,051,229	18,051,949
Conditionally awarded in year	3,543,428	3,996,543
Vested in year	(8,469,401)	(4,467,219)
Forfeited or expired in year	(300,450)	(530,044)
Outstanding at 31 December	11,824,806	17,051,229

Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

Long-Term Incentive Plan

Ordinary shares of 54⁹⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2019	2018
Outstanding at 1 January	17,414,233	18,446,709
Conditionally awarded in year	4,591,308	3,168,211
Vested in year	(8,094,236)	(2,934,058)
Forfeited or expired in year	(1,901,064)	(1,266,629)
Outstanding at 31 December	12,010,241	17,414,233

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 38H 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 20 January 2020, Anglo American announced that an agreement has been reached with the board of Sirius Minerals Plc (Sirius) on the terms of a recommended cash acquisition for the entire issued and to be issued share capital of Sirius for cash consideration of approximately £405 million (approximately \$526 million). The proposed transaction is subject to regulatory and Sirius' shareholder approval.

With the exception of the proposed final dividend for 2019, there have been no other reportable events since 31 December 2019.

30. COMMITMENTS

Overview

A commitment is a contractual obligation to make a payment in the future which is not provided for in the balance sheet. The Group also has purchase obligations relating to take or pay agreements which are legally binding and enforceable.

Capital commitments for subsidiaries and joint operations relating to the acquisition of property, plant and equipment are \$3,552 million (2018: \$2,997 million), of which 52% (2018: 49%) relate to expenditure to be incurred within the next year.

The Group's outstanding commitments relating to take or pay agreements are \$13,246 million (2018: \$14,217 million), of which 11% (2018: 12%) relate to expenditure to be incurred within the next year.

At 31 December 2019 the Group's total undiscounted future minimum lease payments under non-cancellable leases, for which liabilities are recognised on the Consolidated balance sheet (2018: in respect of non-cancellable operating leases not recognised on the Consolidated balance sheet) are as follows:

US\$ million	2019	2018
Within one year	245	164
Greater than one year, less than two years	113	97
Greater than two years, less than five years	144	136
Greater than five years	203	156
	705	553

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 10 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.

Accounting policy

See notes 38C and 38D for the Group's accounting policy on leases.

31. CONTINGENT 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.

Accounting judgement

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 27 November 2019, the Group announced the equalisation of ownership across its integrated Australian metallurgical coal operations at Moranbah North and Grosvenor (Coal) via the disposal of 12% of its interest in the Grosvenor mine to a consortium that owns 12% of Moranbah North. The transaction is subject to various regulatory approvals but completion is considered highly probable to occur during 2020. At 31 December 2019, assets of \$166 million and associated liabilities of \$17 million were classified as held for sale and a loss of \$59 million recognised within non-operating special items to bring the carrying amount into line with the fair value less cost to sell (see note 8).

2018

There were no assets classified as held for sale as at 31 December 2018.

33. ACQUISITIONS AND DISPOSALS

Acquisitions

During the year, the Group made a cash payment of \$13 million in relation to the acquisition of control of Mototolo Platinum Mine (Platinum Group Metals). The deferred consideration in respect of Mototolo was \$53 million as at 31 December 2019.

2018

Acquisitions in 2018 mainly related to the acquisition of control of Mototolo Platinum Mine (Platinum Group Metals).

Disposals

During the year, the Group received net cash of \$24 million on disposals which principally relate to Platinum Group Metals. Additionally, on 30 January 2020, a further \$125 million was received as settlement of the deferred consideration relating to the sale of the 33% interest in Bafokeng Rasimone Platinum Mine (Platinum Group Metals) which completed on 10 December 2018.

2018

Disposals in 2018 principally related to the sale of the Eskom-tied domestic coal operations in South Africa (Coal) and the sales of the Group's interests in the Union mine and Masa Chrome Company Proprietary Limited (Platinum Group Metals).

GROUP STRUCTURE

34. BASIS OF CONSOLIDATION

Overview

The principal subsidiaries, joint operations, joint ventures and associates of the Group and the Group percentage of equity capital are set out below. All these interests are held indirectly by the Parent Company and are consolidated within these financial statements.

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	
			2019	2018
De Beers⁽¹⁾			85%	85%
Debswana ⁽²⁾ , comprising:	Botswana	Joint operation	19.2%	19.2%
Jwaneng				
Orapa				
Damtshaa				
Letlhakane				
Namdeb Holdings ⁽³⁾ , comprising:	Namibia	Joint operation	50%	50%
Namdeb Diamond Corporation				
Debmarmine Namibia				
De Beers Consolidated Mines ⁽⁴⁾ , comprising:	South Africa	Full consolidation	100%	100%
Venetia				
Voorspoed				
De Beers Canada, comprising:				
Snap Lake	Canada	Full consolidation	100%	100%
Victor	Canada	Full consolidation	100%	100%
Gahcho Kué	Canada	Joint operation	51%	51%
Sales, comprising:				
De Beers Global Sightholder Sales	Botswana	Full consolidation	100%	100%
De Beers Sightholder Sales South Africa	South Africa	Full consolidation	100%	100%
Auction Sales	Singapore	Full consolidation	100%	100%
DTC Botswana	Botswana	Joint operation	50%	50%
Namibia DTC	Namibia	Joint operation	50%	50%
Element Six, comprising:				
Element Six Technologies	Global	Full consolidation	100%	100%
Element Six Abrasives	Global	Full consolidation	60%	60%
Brands, comprising:				
Forevermark	Global	Full consolidation	100%	100%
De Beers Jewellers	Global	Full consolidation	100%	100%
Copper				
Copper Chile				
Los Bronces	Chile	Full consolidation	50.1%	50.1%
El Soldado	Chile	Full consolidation	50.1%	50.1%
Chagres	Chile	Full consolidation	50.1%	50.1%
Collahuasi	Chile	Joint operation	44%	44%
Copper Peru				
Quellaveco	Peru	Full consolidation	60%	60%
Platinum Group Metals⁽⁵⁾			78%	78%
Mogalakwena Mine	South Africa	Full consolidation	100%	100%
Amandelbult complex ⁽⁶⁾	South Africa	Full consolidation	100%	100%
Twickenham Mine	South Africa	Full consolidation	100%	100%
Unki Mine	Zimbabwe	Full consolidation	100%	100%
Platinum Refining	South Africa	Full consolidation	100%	100%
Modikwa Platinum Joint Operation	South Africa	Joint operation	50%	50%
Mototolo	South Africa	Full consolidation	100%	100%
Kroondal Pooling and Sharing Agreement	South Africa	Joint operation	50%	50%
Bokoni	South Africa	Equity accounted associate	49%	49%

See page 195 for footnotes.

GROUP STRUCTURE**34. BASIS OF CONSOLIDATION** continued

Segment and asset	Location	Accounting treatment	Percentage of equity owned	
			2019	2018
Iron Ore				
Kumba Iron Ore	South Africa	Full consolidation	69.7%	69.7%
Sishen ⁽⁷⁾	South Africa	Full consolidation	76.3%	76.3%
Kolomela ⁽⁷⁾	South Africa	Full consolidation	76.3%	76.3%
Minas-Rio	Brazil	Full consolidation	100%	100%
Ferroport ⁽⁸⁾	Brazil	Equity accounted joint venture	50%	50%
Coal				
Coal Australia and Canada, comprising:				
Moranbah North ⁽⁹⁾	Australia	Joint operation	88%	88%
Grosvenor	Australia	Full consolidation	100%	100%
Capcoal ⁽⁹⁾	Australia	Joint operation	70%	70%
Dawson ⁽⁹⁾	Australia	Joint operation	51%	51%
Jellinbah ⁽¹⁰⁾⁽¹¹⁾	Australia	Equity accounted associate	33.3%	33.3%
Dalrymple Bay Coal Terminal Pty Ltd	Australia	Equity accounted associate	25.3%	25.3%
Peace River Coal	Canada	Full consolidation	100%	100%
Coal South Africa, comprising:				
Goedehoop	South Africa	Full consolidation	100%	100%
Greenside	South Africa	Full consolidation	100%	100%
Khwezela	South Africa	Full consolidation	100%	100%
Mafube	South Africa	Joint operation	50%	50%
Zibulo ⁽¹²⁾	South Africa	Full consolidation	73%	73%
Isibonelo	South Africa	Full consolidation	100%	100%
Richards Bay Coal Terminal	South Africa	Equity accounted associate	23.2%	23.2%
Carbones del Cerrejón	Colombia	Equity accounted associate	33.3%	33.3%
Nickel and Manganese				
Barro Alto	Brazil	Full consolidation	100%	100%
Samancor ⁽¹⁰⁾⁽¹³⁾	South Africa and Australia	Equity accounted joint venture	40%	40%

⁽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 79.4%, which includes shares issued as part of a community empowerment deal.

⁽⁶⁾ Amandelbult comprises Tumela mine and Dishaba mine.

⁽⁷⁾ Sishen and Kolomela are fully owned by the Sishen Iron Ore Company (Pty) Ltd (SIOC). Kumba Iron Ore Limited has a 76.3% interest in SIOC (2018: 76.3%). Including shares held by Kumba Iron Ore in relation to its own employee share schemes, the Group's effective interest in Kumba Iron Ore is 70.02%. Consequently, the Group's effective interest in SIOC is 53.4% (2018: 53.6%).

⁽⁸⁾ Ferroport owns and operates the iron ore handling and shipping facilities at the port of Açú.

⁽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⁾ These entities have a 30 June year end.

⁽¹¹⁾ The Group's effective interest in the Jellinbah operation is 23.3%.

⁽¹²⁾ Zibulo forms, and prior to its disposal Kriel formed part of the Anglo American Inyosi Coal BEE company of which the Group owns 73%.

⁽¹³⁾ 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%.

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 38l. 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 2019 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. These are the result of legacy undertakings and are overridden by the Group's policy of having them be either resident in the UK for tax purposes or subject to the UK Controlled Foreign Company Rules. The Group is well advanced in our strategy to remove these legacy undertakings from tax haven jurisdictions. Where the tax residency of a related undertaking is different from its country of incorporation, this is referenced in the notes to the list below.

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
Angola	De Beers Angola Holdings SARL	85%	Rua Rainha Ginga 87 9º andar Luanda, República de Angola, Caixa Postal 4031
Anguilla	Carbones del Cerrejon Limited ⁽⁴⁾	33%	Babrow's Commercial Complex, 1341, The Valley
Argentina	Minera Anglo American Argentina S.A.	100%	Olegario V. Andrade 236 Mendoza 5500
Australia	Anglo American Australia Finance Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Australia Holdings Pty Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Australia Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Exploration (Australia) Pty Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Assets Eastern Australia Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Assets Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Finance Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Holdings Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Metallurgical Coal Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo American Thermal Coal (Australia) Pty. Ltd.	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Archveyor Management) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Capcoal Management) Pty Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson Management) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson Services) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson South Management) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson South) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson) Holdings Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Dawson) Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (German Creek) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Grasstree Management) Pty Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Grosvenor Management) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Grosvenor) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Jellinbah) Holdings Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Moranbah North Management) Pty Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Roper Creek) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Coal (Theodore South) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Anglo Operations (Australia) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Bowen Basin Coal Pty. Ltd.	23%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Dalrymple Bay Coal Terminal Pty. Ltd.	25%	Martin Armstrong Drive, Hay Point QLD 4740
Australia	Dawson Coal Processing Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Dawson Highwall Mining Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Dawson Sales Pty Ltd	51%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Dawson South Sales Pty Ltd	51%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	De Beers Australia Exploration Limited	85%	23 North Street, Mount Lawley, WA 6050
Australia	German Creek Coal Pty. Limited	70%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Groote Eylandt Mining Company Proprietary Limited	40%	Level 35, 108 St Georges Terrace, Perth WA 6000
Australia	Jellinbah Group Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Jellinbah Mining Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Jellinbah Resources Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Jena Pty. Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Jena Unit Trust	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	JG Land Company Pty Ltd	23%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Lake Vermont Marketing Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Lake Vermont Resources Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Monash Energy Coal Limited	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Moranbah North Coal (No2) Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	Moranbah North Coal (Sales) Pty Ltd	88%	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⁾	Registered address
See page 204 for footnotes.			
Australia	Moranbah North Coal Pty Ltd	100%	Level 11, 201 Charlotte Street, Brisbane QLD 4000
Australia	QCMM (Lake Vermont Holdings) Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	QCMM Finance Pty Ltd	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Australia	Tasmanian Electro Metallurgical Company Proprietary Limited	40%	Level 35, 108 St Georges Terrace, Perth WA 6000
Australia	Tremell Pty. Ltd.	33%	Level 7, 12 Creek Street, Brisbane QLD 4000
Belgium	De Beers Auction Sales Belgium NV	85%	21 Schupstraat, 2018 Antwerp
Belgium	International Institute of Diamond Grading and Research (Belgium) NV	85%	21 Schupstraat, 2018 Antwerp
Bermuda	Coromin Insurance Limited	100%	Clarendon House, 2 Church Street, Hamilton
Bermuda	Holdac Insurance Limited	100%	Clarendon House, 2 Church Street, Hamilton
Botswana	Ambase Prospecting (Botswana) (Pty) Ltd	100%	Unit G3, Victoria House, Plot 132 Independence Avenue, Gaborone
Botswana	Anglo American Corporation Botswana (Services) Limited	100%	Plot 67977, Fairground Office Park, Gaborone
Botswana	Anglo Coal Botswana (Pty) Ltd	100%	c/o KPMG, Chartered Accountants, Plot 67977, Off Tlokweng Road, Fairground, P O Box 1519, Gaborone
Botswana	Broadhurst Primary School (Pty) Ltd	76%	First Floor Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	De Beers Global Sightholder Sales (Pty) Ltd	85%	3rd Floor, DTCB Building, Plot 63016, Block 8, Airport Road, Gaborone
Botswana	De Beers Holdings Botswana (Pty) Ltd	85%	5th Floor, Debswana House, Main Mall, Gaborone
Botswana	Debswana Diamond Company (Pty) Ltd ⁽⁵⁾	43%	First Floor, Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	Debswana Wellness Fund	43%	First Floor, Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	Diamond Trading Company Botswana (Pty) Ltd	43%	Plot 63016, Airport Road, Block 8, Gaborone
Botswana	Sesiro Insurance Company (Pty) Ltd	43%	First Floor Debswana Corporate Centre, Plot 64288 Airport Road, Block 8, Gaborone
Botswana	The Diamond Trust	21%	Debswana House, The Mall, Gaborone
Botswana	Tokafala (Proprietary) Limited	57%	Floor, DTCB Building, Plot 63016, Block 8, Airport Road, Gaborone
Brazil	Anglo American Investimentos - Minério de Ferro Ltda.	100%	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%	Rua Maria Luiza Santiago, nº 200, 16º andar, sala 1601, bairro Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
Brazil	Anglo American Niquel Brasil Ltda.	100%	Rua Maria Luiza Santiago, nº. 200, 8º andar (parte), Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
Brazil	Anglo American Participações - Minério de Ferro Ltda.	100%	Rua Maria Luiza Santiago, nº 200, 16º andar, sala 1602, Bairro Santa Lúcia, CEP 30.360-740, Belo Horizonte, Minas Gerais
Brazil	Anglo Ferrous Brazil Participações S.A.	100%	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%	Av. Paulista, nº. 2.300, 10º andar, Cerqueira César, São Paulo/SP
Brazil	Element Six Ltda.	51%	Rua da Consolação, 368, 15º andar Consolação, São Paulo
Brazil	Ferroport Logística Comercial Exportadora S.A.	50%	Rua da Passagem, nº 123, 11º andar, sala 1101, Botafogo, CEP 22290-030, Rio de Janeiro/RJ
Brazil	GD Empreendimentos Imobiliários S.A.	33%	Rua Visconde de Ouro Preto, nº 5, 11º andar (parte), Botafogo, Rio de Janeiro/RJ
Brazil	Guaporé Mineração Ltda.	49%	Avenida Paulista, nº. 2.300, 10º andar (parte), CEP 01.310-300, São Paulo/SP
Brazil	Instituto Anglo American Brasil	100%	Avenida Paulista, nº. 2.300, 10º andar (parte), CEP 01.310-300, São Paulo/SP
Brazil	Mineração Tanagra Ltda.	49%	Rua Maria Luiza Santiago, nº. 200, 20º andar (parte), bairro Santa Lúcia, CEP 30.360-740, Belo Horizonte, Minas Gerais
Brazil	Mineração Tariana Ltda.	100%	Rua Maria Luiza Santiago, nº 200, 16º andar (parte), bairro Santa Lúcia, CEP 30360-740, Belo Horizonte, Minas Gerais
British Virgin Islands	De Beers Angola Investments Limited	85%	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	De Beers Angola Prospecting Pty Ltd	85%	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	De Beers Centenary Angola Properties Ltd	85%	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	Delibes Holdings Limited ⁽⁶⁾	85%	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	Loma de Niquel Holdings Limited ⁽⁶⁾	94%	Craigmuir Chambers, Road Town, Tortola, VG1110
British Virgin Islands	Scallion Limited ⁽⁶⁾	85%	Craigmuir Chambers, Road Town, Tortola, VG1110
Canada	0912055 B.C. Ltd.	100%	c/- McCarthy Tetrault, Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5
Canada	Anglo American Exploration (Canada) Ltd.	100%	c/o Anglo American Exploration (Canada) Ltd., Suite 800, 700 West Pender Street, British Columbia, V6C 1G8

GROUP STRUCTURE

35. RELATED UNDERTAKINGS OF THE GROUP continued

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
Canada	Central Ecuador Holdings Ltd.	70%	c/o Borden Ladner Gervais, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6
Canada	De Beers Canada Holdings Inc.	85%	2400-333 Bay St, Toronto ON, M5H2T6
Canada	De Beers Canada Inc.	85%	2400-333 Bay St, Toronto ON, M5H2T6
Canada	Lion Battery Technologies Inc.	33%	Suite 2600, Three Bentall Centre, 595 Burrard Street, P.O. BOX 49314, Vancouver, BC V7X 1L3
Canada	Peace River Coal Inc.	100%	c/- McCarthy Tetrault, Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5
Canada	Peregrine Diamonds Ltd	85%	2400-333 Bay St, Toronto ON, M5H2T6
Canada	Peregrine Exploration Ltd	85%	2400-333 Bay St, Toronto ON, M5H2T6
Chile	Anglo American Chile Inversiones S.A.	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Chile Ltda	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Copper Finance SpA	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Marketing Chile SpA	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Anglo American Sur S.A.	50%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Compañía Minera Dona Ines De Collahuasi SCM	44%	Avda Andres Bello 2687, P 11 Edif. el Pacifico, Las Condes, Santiago, Región Metropolitana.
Chile	Compañía Minera Westwall S.C.M	50%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Inversiones Anglo American Norte SpA	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Inversiones Anglo American Sur SpA	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
Chile	Inversiones Minorco Chile SpA	100%	Isidora Goyenechea 2800, piso 46, Las Condes, Santiago
China	Anglo American Resources Trading (China) Co. Ltd.	100%	Units 01, 02A, 07, 08, Floor 32, No. 1198 Century Avenue, Pudong New Area, Shanghai
China	De Beers Jewellers Commercial (Shanghai) Co., Ltd	85%	Suite 3703, The Park Place, No.1601 Nan Jing West Road, Shanghai
China	Element Six Hard Materials (Wuxi) Co., Ltd	51%	No. 578 Xitai Road, Wuxi New District, Wuxi, Jiangsu
China	Element Six Trading (Shanghai) Co., Ltd	51%	2802A, Chong Hing Finance Centre, No. 288 Nan Jing Road West, Huang Pu District, Shanghai, 200003
China	Forevermark Marketing (Shanghai) Company Limited	85%	Suite 4601, 4602 and 4608, The Park Place, No.1601 Nan Jing West Road, Shanghai
China	Platinum Guild International (Shanghai) Co., Limited	78%	Room 601, L'avenue, 99 XianXia Road, Shanghai 200051
Colombia	Anglo American Colombia Exploration S.A.	100%	Avenida Carrera 9a # 115 – 06/30 Oficina 1702, Bogotá
Colombia	Cerrejon Zona Norte S.A.	33%	Calle 100 No. 19-54, Piso 12, Bogotá
Cyprus	Anglo American Amcoll (UK) Ltd ⁽⁶⁾	100%	1, Lampousas Street, Nicosia, 1095
Cyprus	Anglo American Chile Investments (UK) Ltd ⁽⁶⁾	100%	1, Lampousas Street, Nicosia, 1095
Cyprus	Anglo American Clarent (UK) Ltd ⁽⁶⁾	100%	1, Lampousas Street, Nicosia, 1095
Democratic Republic of Congo	Ambase Exploration Africa (DRC) SPRL	100%	No. 510 LP, Avenue Sumahili, Quartier Golf, Commune De Lubumbashi, Lubumbashi
Ecuador	Anglo American Ecuador S.A.	100%	Av. Patria E4-69 y Av. Amazonas, Cofiec, 16th Floor
Ecuador	Central Ecuador EC-CT S.A.	70%	Av. Patria E4-69 y Av. Amazonas, Edif.Cofiec, piso 17, Quito
Finland	AA Sakatti Mining Oy	100%	AA Sakatti Mining Oy, Tuohiaavantie 2, 99600, Sodankylä
Gabon	Samancor Gabon SA	40%	Immeuble 2 AG, Libreville, 4660
Germany	Element Six GmbH	51%	Staedeweg 18, 36151, Burghaun
Hong Kong	De Beers Auction Sales Holdings Limited	85%	Unit 1001, 10/F Unicorn Trade Centre, 127-131 Des Voeux Road Central
Hong Kong	De Beers Jewellers (Hong Kong) Limited	85%	RM 02B&03-06 26/F, Kinwick Centre, 32 Holly Wood Road Central
Hong Kong	Forevermark Limited	85%	RM 02B&03-06 26/F, Kinwick Centre, 32 Holly Wood Road Central
Hong Kong	Platinum Guild International (Hong Kong) Limited	78%	Suites 2901-2, Global Trade Square, No.21 Wong Chuk Hang Road
India	Anglo American Services (India) Private Limited	100%	A-1/292, Janakpuri, New Delhi - 110058
India	De Beers India Private Ltd	85%	601, 6th floor, TCG Financial Centre, C -53, G Block, Bandra Kurla Complex, Bandrar (East), Mumbai - 400 058
India	Forevermark Diamonds Private Limited	85%	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%	Office No. 12, 14th Floor, Navjivan Society Building, No.3, Lamington Road, Mumbai - 400 008
India	International Institute of Diamond Grading & Research India Private Limited	85%	601, 6th floor, TCG Financial Centre, C -53, G Block, Bandra Kurla Complex, Bandrar (East), Mumbai - 400 058
India	Platinum Guild India Private Limited	78%	Notan Classic, 3rd Floor, 114 Turner Road, Bandra West, Mumbai 400 050
Indonesia	PT Anglo American Indonesia	100%	Pondok Indah Office Tower 3, 17th Floor, Jl. Sultan Iskandar Muda, Pondok Indah, Jakarta 12310
Indonesia	PT Minorco Services Indonesia	100%	Belagri Hotel, Jl. Raja Ampat, No 1 Kampung Baru, Sorong, Papua Barat
Ireland	CMC-Coal Marketing Designated Activity Company	33%	Fumbally Square, New Street, Dublin 8, D08 XYA5
Ireland	Coromin Insurance (Ireland) DAC	100%	Fourth Floor, 25/28 Adelaide Road, Dublin

GROUP STRUCTURE

35. RELATED UNDERTAKINGS OF THE GROUP continued

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
Ireland	Element Six (Holdings) Limited	51%	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six (Trade Marks) Limited	51%	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six Abrasives Treasury Limited	51%	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six Limited	51%	Shannon Airport, Shannon, Co.Clare
Ireland	Element Six Treasury Limited	85%	Shannon Airport, Shannon, Co.Clare
Isle of Man	Element Six (Isle of Man) Corporate Trustee Limited	85%	1st Floor, 18-20 North Quay, Douglas, IM1 4LE
Isle of Man	Element Six (Legacy Pensions) Limited	85%	1st Floor, 18-20 North Quay, Douglas, IM1 4LE
Israel	De Beers Auction Sales Israel Ltd	85%	11th Floor, Yahalom (Diamond) Building, 21 Tuval Street Ramat Gan 5252236
Italy	Forevermark Italy S.R.L.	85%	Via Burlamacchi Francesco 14, 20135, Milan
Japan	De Beers Jewellers Japan K.K.	85%	New Otani Garden Court 7th Floor, 4-1 Kiou-cho, Chiyoda-ku, Tokyo
Japan	Element Six Limited	51%	9F PMO Hatchobori, 3-22-13 Hatchobori, Chuo-ku, Tokyo, 104
Japan	Forevermark KK	85%	New Otani Garden Court, 7th Floor, 4-1 Kiou-cho, Chiyoda-ku, Tokyo
Japan	PGI KK	78%	Imperial Hotel Tower 17F, 1-1-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo, 100-8575
Jersey	A.R.H. Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	A.R.H. Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Ambras Holdings Limited ⁽⁶⁾⁽⁷⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Ammin Coal Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo African Exploration Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Buttercup Company Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Capital Overseas Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Corporation de Chile Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Exploration Colombia Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Exploration Overseas Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Finland Holdings 1 Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Finland Holdings 2 Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Hermitage Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Liberia Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Midway Investment Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo American Overseas Limited ⁽⁶⁾⁽⁸⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Australia Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Diamond Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Iron Ore Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Loma Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Operations (International) Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Peru Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Quellaveco Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo South American Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Anglo Venezuela Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Aval Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Cheviot Holdings Limited ⁽⁶⁾	85%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Centenary Limited ⁽⁶⁾	85%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Exploration Holdings Limited ⁽⁶⁾	85%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Holdings Investments Limited ⁽⁶⁾	85%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers Investments plc ⁽⁶⁾	85%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	De Beers plc ⁽⁶⁾	85%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Highburch Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Inglewood Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Kumba International Trading Limited ⁽⁶⁾	53%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Minorco Overseas Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Minorco Peru Holdings Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Jersey	Minpress Investments Limited ⁽⁶⁾	100%	3rd Floor, 44 Esplanade, St Helier, JE4 9WG
Luxembourg	Kumba Iron Ore Holdings Sarl	53%	58 rue Charles Martel, L-2134
Macau	De Beers Jewellers (Macau) Company Limited	85%	Avenida da Praia Grande No. 409, China Law Building 16/F – B79
Madagascar	Societe Civile De Prospection De Nickel A Madagascar	32%	44 Main Street, Johannesburg, 2001
Mauritius	Anglo American International Limited ⁽⁶⁾	100%	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%	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%	c/o Sanchez Mejorada, Velasco y Ribe, S.C. Paseo de la Reforma No. 450, Col. Lomas de Chapultepec, 11000

GROUP STRUCTURE

35. RELATED UNDERTAKINGS OF THE GROUP continued

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
Mozambique	Anglo American Corporation Mocambique Servicos Limitada	100%	PricewaterhouseCoopers, Ltda. Avenida Vladimir Lenine, No 174, 4o andar, Edificio Millennium Park Maputo
Namibia	Ambase Prospecting (Namibia) (Pty) Ltd	100%	24 Orban Street, Klein Windhoek, Windhoek, P O Box 30 Windhoek
Namibia	De Beers Marine Namibia (Pty) Ltd	43%	4th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	De Beers Namibia Holdings (Pty) Ltd	85%	6th floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Debmairine Namdeb Foundation	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	DTC Valuations Namibia (Pty) Ltd	85%	4th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Exclusive Properties (Pty) Ltd	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Longboat Trading (Pty) Ltd	100%	24 Orban Street, Klein Windhoek, Windhoek
Namibia	Mamora Mines & Estates Limited	28%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Diamond Corporation (Pty) Ltd	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Holdings (Pty) Ltd	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Properties (Pty) Ltd	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namibia Diamond Trading Company (Pty) Ltd	43%	9th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Oranjemund Private Hospital (Proprietary) Limited	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Oranjemund Town Management Company (Pty) Ltd	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Namibia	Namdeb Hospital Pharmacy (Pty) Ltd	43%	10th Floor, Namdeb Centre, 10 Dr Frans Indongo Street, Windhoek
Netherlands	Anglo American (TIH) B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Anglo American Exploration B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Anglo American Exploration (Philippines) B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Anglo American International B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Anglo American Netherlands B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Anglo Operations (Netherlands) B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Element Six N.V.	85%	De Nieuwe Erven 2, 5431 NT, Cuijk
Netherlands	Erabas B.V. ⁽⁶⁾	78%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Loma de Niquel Holdings B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Netherlands	Minorco Exploration (Indonesia) B.V. ⁽⁶⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
Papua New Guinea	Anglo American (Star Mountain) Limited	100%	c/- Allens, Level 6, Mogoru Moto Building, Champion Parade, PORT MORESBY, National Capital District
Papua New Guinea	Anglo American Exploration (PNG) Limited	100%	c/- PricewaterhouseCoopers PNG, Pwc Haus, Level 6, Harbour City, Konedobu, PORT Moresby, National Capital District 121
Peru	Anglo American Peru S.A.	100%	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Anglo American Quellaveco S.A.	60%	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Peru	Anglo American Servicios Perú S.A.	100%	Calle Esquilache 371, Piso 10 San Isidro, Lima 27
Peru	Asociación Michiquillay	100%	Calle Esquilache 371, Piso 10 San Isidro, Lima 27
Peru	Asociación Quellaveco	100%	Calle Esquilache 371, Piso 10 San Isidro, Lima 27
Peru	Cobre del Norte S.A.	100%	Calle Esquilache 371, Piso 10, San Isidro, Lima 27
Philippines	Anglo American Exploration (Philippines) Inc.	100%	27th Floor, Tower 2, The Enterprise Centre, 6766 Ayala Avenue Corner, Paseo de Roxas, Makati City
Republic of North Macedonia	Anglo American Exploration West Tetyan Skopje	100%	Orce Nikolov St., No. 98, Skopje-Center
Sierra Leone	Gemfair (SL) Limited	85%	31 Lightfoot Boston Street, Freetown
Singapore	Anglo American Exploration (Singapore) Pte. Ltd	100%	10 Collyer Quay, #38-00 Ocean Financial Centre, 049315
Singapore	Anglo American Shipping Pte. Limited	100%	10 Collyer Quay, Level 38 Ocean Financial Centre, 049315
Singapore	De Beers Auction Sales Singapore Pte. Ltd.	85%	10 Collyer Quay, #03-04 Ocean Financial Centre, 049315
Singapore	Kumba Singapore Pte. Ltd.	53%	10 Collyer Quay, #38-00 Ocean Financial Centre, 049315
Singapore	MR Iron Ore Marketing Services Pte. Ltd.	50%	10 Collyer Quay, #38-00 Ocean Financial Centre, 049315
Singapore	Samancor Marketing Pte. Ltd.	40%	138 Market Street, #26-01, Capitagreen, 048946
South Africa	AEF Mining Services (Pty) Ltd	25%	Zommerlust Building, Rietbok Road, Kathu, Northern Cape, 8446
South Africa	African Pipe Industries North (Pty) Ltd	39%	55 Marshall Street, Johannesburg, 2001
South Africa	Almenta 127 (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Amaprop Townships Ltd	100%	61 Katherine Street, Sandton, 2196
South Africa	Ambase Investment Africa (Botswana) (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (DRC) (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (Namibia) (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (Tanzania) (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Ambase Investment Africa (Zambia) (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Corporation of South Africa (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American EMEA Shared Services (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Farms (Pty) Ltd	100%	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Anglo American Farms Investment Holdings (Pty) Ltd	100%	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Anglo American Group Employee Shareholder Nominees (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001

GROUP STRUCTURE

35. RELATED UNDERTAKINGS OF THE GROUP continued

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
South Africa	Anglo American Inyosi Coal (Pty) Ltd	73%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Marketing South Africa	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Platinum Limited	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Anglo American Properties Ltd	100%	61 Katherine Street, Sandton, 2196
South Africa	Anglo American Prospecting Services (Pty) Ltd	100%	55 Marshall Street, Johannesburg, 2001
South Africa	Anglo American SA Finance Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Sebenza Fund (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American SEFA Mining Fund (Pty) Ltd	50%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American South Africa Investments Proprietary Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American South Africa Proprietary Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Zimele (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Zimele Community Fund (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo American Zimele Loan Fund (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo Coal Investment Africa (Botswana) (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo Corporate Enterprises (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo Operations (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo Platinum Management Services (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Anglo South Africa (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Anglo South Africa Capital (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Ansel Holdings Proprietary Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Asambeni Mining (Proprietary) Limited	56%	44 Main Street, Johannesburg, 2001
South Africa	Automatic Trading (Pty) Limited	58%	55 Marshall Street, Johannesburg, 2001
South Africa	Balgo Nominees (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Blinkwater Farms 244KR (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Blue Steam Investments (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Boikgantsho Platinum Mine (Pty) Ltd	38%	5 Jellicoe Avenue, Rosebank, Johannesburg, 2913
South Africa	Bokoni Platinum Holdings (Pty) Ltd	38%	82 Grayston Drive, Sandton, Johannesburg, 2196
South Africa	Bokoni Platinum Mines (Pty) Ltd	38%	4th Floor Atholl, Johannesburg, Gauteng, 2196
South Africa	Butsanani Energy Investment Holdings (Pty) Ltd	67%	151 Katherine Street, Sandton, 2196
South Africa	Colliery Training College (Pty) Limited	56%	5 Hollard Street, Johannesburg. P O Box 61809, Marshalltown, 2107
South Africa	Damelin Emalahleni (Pty) Ltd	20%	Cnr O R Tambo & Beatrix Avenue, Witbank, 1035
South Africa	DBCM Holdings (Pty) Ltd	63%	36 Stockdale Street, KIMBERLEY, 8301
South Africa	De Beers Consolidated Mines (Pty) Ltd ⁽⁹⁾	63%	36 Stockdale Street, KIMBERLEY, 8301
South Africa	De Beers Group Services (Pty) Ltd	85%	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	De Beers Marine (Pty) Ltd	85%	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	De Beers Matlafalang Business Development (Pty) Ltd	63%	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	De Beers Sightholder Sales South Africa (Pty) Ltd	63%	Cornerstone, Corner Diamond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	Dido Nominees (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Element Six (Production) Proprietary Limited	51%	Debid Road, Nuffield, Springs, 1559
South Africa	Element Six South Africa Proprietary Limited	51%	Debid Road, Nuffield, Springs, 1559
South Africa	Element Six Technologies Proprietary Limited	85%	Debid Road, Nuffield, Springs, 1559
South Africa	Fermain Nominees (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Ga-Phasha Platinum Mine (Pty) Limited	38%	44 Main Street, Johannesburg, 2001
South Africa	Hotazel Manganese Mines (Pty) Ltd	30%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Ingagane Colliery (Pty) Ltd	98%	44 Main Street, Johannesburg, 2001
South Africa	Ingwekazi Holdings (Proprietary) Limited	20%	368 Sifon Street, Robertville Ext 10, Roodepoort, 1709
South Africa	Khongoni Haaskraal Coal (Pty) Ltd	20%	Unit 3, Bauhinia Street, Highveld, Technopark, Centurion, 0157
South Africa	KIO Investments Holdings (Pty) Ltd	70%	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Kumba BSP Trust	53%	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Kumba Iron Ore Limited	70%	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Kwanda Platinum Mine (Pty) Ltd	38%	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	Lebowa Platinum Mines Limited	38%	124 Akkerboom Street, Building 2B, Centurion, 0157
South Africa	Lexshell 49 General Trading (Pty) Ltd	35%	55 Marshall Street, Johannesburg, 2001
South Africa	Longboat (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Mafube Coal Mining (Pty) Ltd	50%	55 Marshall Street, Johannesburg, 2001
South Africa	Main Place Holdings Limited	39%	Suite 801, 76 Regent Road, Sea Point, Western Cape, 8005
South Africa	Manganore Iron Mining Proprietary Limited	47%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Manngwe Mining (Pty) Ltd	20%	Suite 105, Lorgadia Building, Embankment 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⁾	Registered address
See page 204 for footnotes.			
South Africa	Marikana Ferrochrome Limited	100%	55 Marshall Street, Johannesburg, 2001
South Africa	Marikana Minerals (Pty) Ltd	100%	55 Marshall Street, Johannesburg, 2001
South Africa	Matthey Rustenburg Refiners (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Meruka Mining (Pty) Ltd	30%	16 North Road, Dunkeld Court, Dunkeld West, 2196
South Africa	Metalloys Manganese Smelter (Pty) Ltd	40%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Micawber 146 (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Middelplaats Manganese (Pty) Ltd	30%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Modikwa Mining Personnel Services (Pty) Ltd	39%	55 Marshall Street, Johannesburg, 2001
South Africa	Modikwa Platinum Mine (Pty) Ltd	39%	16 North Road, Dunkeld Court, Dunkeld West, 2196
South Africa	Mogalakwena Platinum Mines	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Newshelf 1316 (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Newshelf 480 (Pty) Ltd	55%	44 Main Street, Johannesburg, 2001
South Africa	Norsand Holdings (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Peruke (Pty) Ltd	51%	44 Main Street, Johannesburg, 2001
South Africa	Phola Coal Processing Plant (Pty) Ltd	37%	44 Main Street, Johannesburg, 2001
South Africa	Platmed (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Platmed Properties (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Polokwane Iron Ore Company (Pty) Ltd	27%	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Ponahalo Investments (RF) (Pty) Ltd ⁽¹⁰⁾	— %	De Beers Consolidated Mines Corner, Corner Diamond and Crownwood Road, Theta – Booysens Reserve, Johannesburg, 2000
South Africa	Precious Metals Refiners Proprietary Limited	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Pro Enviro (Pty) Ltd	20%	Greenside Colliery, PTN Off 331, Blackhills, 1032
South Africa	R A Gilbert (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Resident Nominees (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Richards Bay Coal Terminal (Pty) Ltd	23%	South Dunes, Richards Bay Harbour, Richards Bay, 3900, KwaZulu Natal
South Africa	Rietvlei Mining Company (Pty) Ltd	34%	151 Katherine Street, Sandton, 2196. P O Box 652419, Benmore, 2010
South Africa	Rustenburg Base Metals Refiners Proprietary Limited	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Rustenburg Platinum Mines Limited	78%	55 Marshall Street, Johannesburg, 2001
South Africa	Samancor Holdings (Pty) Ltd	40%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Samancor Manganese (Pty) Ltd	40%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	Sheba's Ridge Platinum (Pty) Ltd	27%	55 Marshall Street, Johannesburg, 2001
South Africa	Sibelo Resource Development (Pty) Ltd	53%	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	Silver Lake Trading 619 (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Sishen Iron Ore Company (Pty) Ltd	53%	Centurion Gate Building 2B, 124 Akkerboom Road, Centurion, 0157
South Africa	South Africa Coal Operations Proprietary Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Spectrem Air Pty Ltd	75%	44 Main Street, Johannesburg, 2001
South Africa	Springfield Collieries Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Tenon Investment Holdings (Pty) Ltd	100%	44 Main Street, Johannesburg, 2001
South Africa	Terra Nominees (Pty) Ltd	40%	39 Melrose Boulevard, Melrose Arch, Johannesburg, 2076
South Africa	The Village of Cullinan (Pty) Ltd	63%	36 Stockdale Street, KIMBERLEY, 8301
South Africa	Vergelegen Wine Estate (Pty) Ltd	100%	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Vergelegen Wines (Pty) Ltd	100%	Vergelegen Wine Farm, Lourensford Road, Somerset West, 7130
South Africa	Whiskey Creek Management Services (Pty) Ltd	78%	55 Marshall Street, Johannesburg, 2001
South Africa	WPIC Holdings Pty Ltd	33%	5 Hollard Street, Johannesburg, 1627
South Africa	Anglo Inyosi Coal Security Company Limited	100%	44 Main Street, Johannesburg, 2001
South Africa	Invincible Trading 14 (Pty) Ltd	20%	16 Euclid Road, Industria East Ext 13, Germiston, 1400
South Africa	Main Street 1252 (Pty) Ltd (RF)	63%	Cornerstone, Corner of Daimond Drive and Crownwood Road, Theta, Johannesburg, 2013
South Africa	Roodepoortjie Resources (Pty) Ltd	49%	16 North Road, Dunkeld Court, Dunkeld West, 2196
Sweden	Element Six AB	51%	c/o Advokatbyrå Kaiding, Box 385, 931 24 Skellefteå, Sweden
Switzerland	De Beers Centenary AG ⁽⁶⁾	85%	c/o Telemarketing, Plus AG, Sonnenplatz 6, 6020, Emmenbrücke
Switzerland	Element Six SA	51%	rue du Tir-au-Canon 2r, Carouge, Geneva
Switzerland	PGI SA	78%	Avenue Mon- Repos 24, Case postale 656, CH- 1001 Lausanne
Switzerland	Synova S.A.	28%	13 Route de Genolier, 1266 Duillier
Tanzania	Ambase Prospecting (Tanzania) (Pty) Ltd	100%	Pemba House, 369 Toure Drive Oyster Bay, Dar Es Salaam
United Arab Emirates	De Beers DMCC	85%	Office 4D, Almas Tower, Jumeirah Lakes Towers, Dubai
United Kingdom	Anglo American (London)	100%	1 More London Place, London, SE1 2AF
United Kingdom	Anglo American (London) 2	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American (TIL) Investments Limited	100%	1 More London Place, London, SE1 2AF

GROUP STRUCTURE

35. RELATED UNDERTAKINGS OF THE GROUP continued

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
United Kingdom	Anglo American 2005 Limited ⁽¹¹⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Australia Investments Limited ⁽¹²⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Capital Australia Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Capital plc ⁽¹²⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American CMC Holdings Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Corporate Secretary Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Diamond Holdings Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Farms (UK) Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Ferrous Investments Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Finance (UK) Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Foundation	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Global Finance Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Holdings Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American International Holdings Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Investments (UK) Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Marketing Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Medical Plan Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American PNG Holdings Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Prefco Limited ⁽¹²⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American REACH Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Services (UK) Ltd. ⁽¹²⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Services Overseas Limited	100%	1 More London Place, London, SE1 2AF
United Kingdom	Anglo American Technical & Sustainability Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Technical & Sustainability Services Ltd	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo American Technical Limited ⁽¹²⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo Base Metals Marketing Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo Coal Holdings Limited ⁽¹²⁾	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo Coal Overseas Services Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo Platinum Marketing Limited	78%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anglo UK Pension Trustee Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anmercosa Finance Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anmercosa Pension Trustees Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Anmercosa Sales Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	AP Ventures Fund I LP	38%	45 Old Bond Street, London, W1S 4QT
United Kingdom	AP Ventures Fund II LP	27%	45 Old Bond Street, London, W1S 4QT
United Kingdom	Birchall Gardens LLP	50%	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	Charterhouse CAP Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Curtis Fitch Limited	21%	Formal House, 60 St George's Place, Cheltenham, Gloucestershire, GL50 3PN
United Kingdom	De Beers Intangibles Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	De Beers Jewellers Limited	85%	45 Old Bond Street, London, W1S 4QT
United Kingdom	De Beers Jewellers Trade Mark Limited	85%	45 Old Bond Street, London, W1S 4QT
United Kingdom	De Beers Jewellers UK Limited	85%	45 Old Bond Street, London, W1S 4QT
United Kingdom	De Beers Trademarks Limited	85%	1 More London Place, London, SE1 2AF
United Kingdom	De Beers UK Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Ebbsfleet Property Limited	50%	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	Element Six (Production) Limited	51%	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Element Six (UK) Limited	51%	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Element Six Abrasives Holdings Limited	51%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Element Six Holdings Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Element Six Limited	85%	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Element Six Technologies Limited	85%	Global Innovation Centre, Fermi Avenue, Harwell, Oxford, Didcot, Oxfordshire, OX11 0QR
United Kingdom	Ferro Nickel Marketing Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Firecrest Investments Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Forevermark Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Gemfair Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	IIDGR (UK) Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Lightbox Jewelry Ltd.	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Mallord Properties Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN

GROUP STRUCTURE

35. RELATED UNDERTAKINGS OF THE GROUP continued

Country of incorporation ⁽¹⁾⁽²⁾	Name of undertaking	Percentage of equity owned ⁽³⁾	Registered address
See page 204 for footnotes.			
United Kingdom	Neville Street Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Northfleet Property LLP	50%	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	Reunion Group Limited	100%	1 More London Place, London, SE1 2AF
United Kingdom	Reunion Mining Limited	100%	1 More London Place, London, SE1 2AF
United Kingdom	Rhoanglo Trustees Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Riverbank Investments Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Security Nominees Limited	100%	20 Carlton House Terrace, London, SW1Y 5AN
United Kingdom	Swanscombe Development LLP	50%	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ
United Kingdom	The Diamond Trading Company Limited	85%	20 Carlton House Terrace, London, SW1Y 5AN
United States of America	Anglo American Exploration (USA), Inc.	100%	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington Delaware, 19808
United States of America	Anglo American US Holdings Inc.	100%	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington Delaware, 19808
United States of America	De Beers Jewellers US, Inc.	85%	300 First Stamford Place, Stamford, CT 06902
United States of America	Element Six Technologies (OR) Corp.	85%	3500 South Dupont Highway, Dover, County of Kent DE 19901
United States of America	Element Six Technologies (Oregon) Corp.	85%	3500 South Dupont Highway, Dover, County of Kent DE 19901
United States of America	Element Six Technologies U.S. Corporation	85%	Incorporating Services Limited, 3500 South Dupont Highway, Dover, County of Kent DE 19901
United States of America	Element Six US Corporation	51%	24900 Pitkin Road, Suite 250, Spring TX 77386
United States of America	Forevermark US Inc.	85%	300 First Stamford Place, Stamford, CT, 06902
United States of America	Platinum Guild International (U.S.A.) Jewelry Inc.	78%	125 Park Avenue, 25th Floor, New York, New York 10017
Venezuela	Minera Loma de Niquel C.A.	94%	Torre Humboldt, Floor 9, office 09-07, Rio Caura Street, Prados del Este. Caracas 1080
Zambia	Anglo Exploration (Zambia) (Pty) Ltd	100%	11 Katemo Road, Rhodes Park, Lusaka
Zimbabwe	Amzim Holdings Limited	78%	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Anglo American Corporation Zimbabwe Limited	78%	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Broadlands Park Limited	78%	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Southridge Limited	78%	28 Broadlands Road, Emerald Hill, Harare
Zimbabwe	Unki Mines (Private) Limited	78%	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 interests in Debswana Diamond Company (Pty) Ltd is 16.3%.

⁽⁶⁾ Tax resident in the United Kingdom.

⁽⁷⁾ 2% direct holding by Anglo American plc.

⁽⁸⁾ 0.03% direct holding by Anglo American plc.

⁽⁹⁾ A 74% interest in De Beers Consolidated Mines (Pty) Ltd (DBCM) and its subsidiaries is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.

⁽¹⁰⁾ Ponahalo Investments (RF) (Pty) Ltd is deemed to be controlled due to the financing structure in place and is consolidated as a majority owned subsidiary.

⁽¹¹⁾ 4% direct holding by Anglo American plc.

⁽¹²⁾ 100% direct holding by Anglo American plc.

OTHER ITEMS

This section includes disclosures about related party transactions, auditor's remuneration 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 more or less favourable to the Group than those arranged with third parties.

US\$ million	Associates		Joint Ventures		Joint Operations	
	2019	2018	2019	2018	2019	2018
Transactions with related parties						
Sale of goods and services	—	1	—	—	163	184
Purchase of goods and services	(20)	(382)	(170)	(50)	(2,893)	(3,266)
Balances with related parties						
Trade and other receivables from related parties	3	2	—	5	17	16
Trade and other payables to related parties	(5)	(44)	(31)	(7)	(128)	(97)
Loans receivable from related parties	—	—	230	211	—	—

Balances and transactions with joint operations or joint operation partners represent the portion that the Group does not have the right to offset against the corresponding amount recorded by the respective joint operations. These amounts primarily relate to purchases by De Beers and Platinum Group Metals from their joint operations in excess of the Group's attributable share of their production.

Loans receivable from related parties are included in Financial asset investments on the Consolidated balance sheet.

Remuneration and benefits received by directors are disclosed in the Remuneration report. Remuneration and benefits of key management personnel, including directors, are disclosed in note 26. Information relating to pension fund arrangements is disclosed in note 27.

37. AUDITOR'S REMUNERATION

US\$ million	2019				2018			
	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)
	United Kingdom	Overseas	Total	Overseas	United Kingdom	Overseas	Total	Overseas
Paid to the Company's auditor for audit of the Anglo American plc Annual Report	1.4	3.4	4.8	—	1.3	3.2	4.5	—
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	0.4	4.7	5.1	0.3	0.4	4.4	4.8	0.4
Total audit fees	1.8	8.1	9.9	0.3	1.7	7.6	9.3	0.4
Audit related assurance services	0.5	0.9	1.4	—	0.5	0.8	1.3	—
Taxation advisory services	—	—	—	—	0.1	—	0.1	—
Other assurance services	0.3	0.3	0.6	—	—	0.5	0.5	—
Other non-audit services	0.3	0.4	0.7	—	0.4	0.2	0.6	—
Total non-audit fees	1.1	1.6	2.7	—	1.0	1.5	2.5	—

Audit related assurance services include \$1.4 million (2018: \$1.3 million) for the interim review.

OTHER ITEMS

38. ACCOUNTING POLICIES**A. BASIS OF PREPARATION****Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with 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.

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which its business is primarily conducted.

Changes in accounting policies and disclosures

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2018, except for changes arising from the adoption of the following new accounting pronouncements which became effective in the current reporting period:

- IFRS 16 *Leases*
- Amendments to IFRS 7 *Financial Instruments Disclosures*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*
- Amendments to IFRS 9 *Financial instruments*
- Amendments to IAS 19 *Employee Benefits*
- Annual Improvements to IFRSs: 2015-17 Cycle: *IFRS 3, IFRS 11, IAS 12 and IAS 23*.

IFRS 16 Leases

IFRS 16 *Leases* became effective for the Group from 1 January 2019, replacing IAS 17 *Leases*. The principal impact of IFRS 16 is to change the accounting treatment by lessees of leases previously classified as operating leases. Lease agreements give rise to the recognition of a right-of-use asset and a related liability for future lease payments.

The Group elected to apply the modified retrospective approach on transition. The cumulative effect of transition to IFRS 16 is recognised in retained earnings at 1 January 2019. The comparative period has not been restated.

On transition, lease liabilities were recognised as the present value of lease payments still to be made, discounted at the appropriate incremental borrowing rate applicable at 1 January 2019 or where available, at the rate of interest implicit in the lease. For the majority of leased assets, the corresponding right-of-use asset was recognised equal to the value of the lease liability at 1 January 2019, adjusted for any accrued or prepaid lease payments.

Following adoption of IFRS 16, the costs of leases other than short-term leases less than 12 months, variable leasing costs and leases of low value assets are allocated between the depreciation of right-of-use assets and a finance charge representing the unwind of the discount on lease liabilities; previously leasing costs for operating leases were recognised within operating costs. For the year ended 31 December 2018, operating lease costs of \$150 million were charged against Operating costs within underlying EBITDA. On adoption of IFRS 16, for the year ended 31 December 2019 the depreciation of right-of-use assets (\$255 million charged against Operating costs) are excluded from underlying EBITDA and finance costs incurred on lease liabilities (\$32 million charged against Net finance costs) are excluded from underlying EBIT and underlying EBITDA. Short-term and low value leases, variable leasing costs and the costs of non-lease components continue to be charged against Operating costs within underlying EBITDA.

The present value of the 2018 operating lease commitments, disclosed in note 30, discounted at the rates used to calculate lease liabilities at 1 January 2019, is reconciled to the lease liabilities recognised in the table below:

US\$ million	2019
IAS 17 Operating lease commitments at 31 December 2018	553
Impact of discounting operating lease commitments to present value	(93)
Other adjustments	9
Former operating leases recognised on balance sheet at 1 January 2019	469
Finance leases recognised separately at 31 December 2018	70
IFRS 16 Lease liabilities at 1 January 2019	539
Current	160
Non-current	379

On adoption of IFRS 16 on 1 January 2019, additional lease liabilities of \$469 million previously classified as operating leases were included in net debt. Corresponding right-of-use assets of \$379 million were recognised within Capital employed, less than the carrying value of lease liabilities due to the impairment of certain leased assets and the offsetting of onerous lease provisions against the carrying values of certain right-of-use assets on adoption of IFRS 16.

In the Consolidated cash flow statement for the year ended 31 December 2019, the total amount of cash paid in respect of leases recognised on the Consolidated balance sheet are split between repayments of principal of \$272 million and repayments of interest of \$30 million, both presented within cash flows from financing activities. The repayment of both principal and interest forms part of the Attributable free cash flow Alternative Performance Measure. In 2018 repayments of operating leases were recognised within cash flows from operating activities.

The weighted average incremental borrowing rate used to measure lease liabilities on transition to IFRS 16 at 1 January 2019 was 5.4%.

The Group adopted the following practical expedients on transition to IFRS 16:

- The Group applied a single discount rate to portfolios of leases with similar characteristics, such as those of the same length and in the same country.
- Lease liabilities and corresponding right-of-use assets where the lease term will end during 2019 were excluded from leases brought on to the balance sheet unless the leases were significant.
- The Group considered known events after 1 January 2019 when determining the lease term, including using hindsight to assess whether options to extend or terminate the lease would be exercised.
- An impairment review was conducted for right-of-use assets on adoption of the standard. Any onerous lease provisions at 31 December 2018 have been reversed and equivalent impairments recorded against the carrying values of the corresponding right-of-use assets on adoption of IFRS 16.
- The Group separated non-lease components from lease components for certain leases for the first time as part of the transition adjustment.

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.

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. ACCOUNTING POLICIES *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 policies applied to lease liabilities and corresponding right-of-use assets are set out respectively in notes 38F and 38D.

Further disclosures required by IFRS 16 *Leases* are presented in notes 1, 4, 11 and 30.

Interest Rate Benchmark Reform: Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments Disclosures*.

The Group uses interest rate derivatives to swap all its Euro, Sterling and US dollar bonds from fixed interest rates to EURIBOR, GBP LIBOR and USD LIBOR respectively. Any non-USD interest rate derivatives are then swapped to USD LIBOR. The interest rate derivatives are designated into fair value hedges.

LIBOR is expected to be replaced by alternative risk-free rates by the end of 2021 as part of inter-bank offer rate (IBOR) reform. The Group is currently assessing the impact of these changes on its hedging arrangements and any future transactions in the financial market. Amendments to IFRS 7 and IFRS 9 have been issued which modify specific hedge accounting requirements and allow it to be assumed that the interest rate benchmark is not altered as a result of the uncertainties of IBOR reform when performing hedge effectiveness testing. These amendments are effective from 1 January 2020 with early adoption allowed. The Group has elected to early adopt for the year ending 31 December 2019. There is no impact on the Group's fair value hedge accounting as a result of adopting the amendments.

The Group will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends. The Group is currently assessing alternative interest rate derivative contracts and the reliance upon replacement rates where relevant.

See note 21 for a list of the Group's Euro, Sterling and US dollar bonds which in turn reflects the nominal amount of the hedging instruments.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Directors' report on page 239.

New IFRS accounting standards, amendments and interpretations not yet adopted

Other than in relation to IFRS 9 and IFRS 7 mentioned above, 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* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to IAS 1 *Presentation of Financial Statements: Classification*
- Amendments to IFRS 3 *Business Combinations: Definition of a Business*
- Amendments to references to the *Conceptual Framework* in IFRS Standards.

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 \$3.87 per share to Epoch, \$6.02 per share to Epoch Two and \$4.99 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, as these are own

OTHER ITEMS

38. ACCOUNTING POLICIES continued

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 2019 the Investment Companies together held 112,300,129 (2018: 112,300,129) Anglo American plc shares, which represented 8.2% (2018: 8.0%) of the ordinary shares in issue (excluding treasury shares) with a market value of \$3,207 million (2018: \$2,509 million). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

The Investment Companies are considered to be structured entities. Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Group considers that the agreement outlined above, including Tenon's right to nominate the transferee of the Anglo American plc shares held by the Investment Companies, results in the Group having control over the Investment Companies as defined under IFRS 10 *Consolidated Financial Statements*. Accordingly, the Investment Companies are required to be consolidated by the Group.

C. FINANCIAL PERFORMANCE

Revenue recognition

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transaction price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time.

Revenue is derived principally from commodity sales, and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. A sale is recognised when control has been transferred. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Sales of metal concentrate are stated at their invoiced amount which is net of treatment and refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. These sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. Revenue on provisionally priced sales is recognised at the forward market price when control passes to the customer and is classified as revenue from contracts with customers. Subsequent mark-to-market adjustments are recognised in revenue from other sources.

Revenues from the sale of material by-products are recognised within revenue at the point control passes. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Revenue from services is recognised over time in line with the policy above. For contracts which contain separate performance obligations for the sale of commodities and the provision of freight services, the portion of the revenue representing the obligation to perform the freight service is deferred and recognised over time as the obligation is fulfilled, along with the associated costs. In situations where the Group is acting as an agent, amounts billed to customers are offset against the relevant costs.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' right 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.

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

Following the adoption of IFRS 16 from 1 January 2019, leases with a term of less than 12 months, or committed payments of less than \$5,000, are not recognised in the Consolidated balance sheet. The Group continues to recognise payments for these leases as an expense on a straight-line basis over the lease term within operating expenses.

Prior to the adoption of IFRS 16, rental costs under operating leases were recognised in the income statement in equal annual amounts over the lease term.

Borrowing costs

Interest on borrowings directly relating to the financing of qualifying assets in the course of construction is added to the capitalised cost of those projects under 'Capital works in progress', until such time as the assets are substantially ready for their intended use or sale.

Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

D. CAPITAL BASE

Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint arrangement or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. The estimation of the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. Goodwill is the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) less the fair value of the Group's share of identifiable net assets on acquisition.

Where a business combination is achieved in stages, the Group's previously held interests in the acquiree are remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in the income statement.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement, where such treatment would be appropriate if that interest were disposed of.

Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint operations is included within intangible assets. Goodwill relating to associates and joint ventures is included within the carrying value of the investment.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is recognised directly in the income statement in the period of acquisition.

For non-wholly owned subsidiaries, non-controlling interests are initially recorded at the non-controlling interests' proportion of the fair values of net assets recognised at acquisition.

OTHER ITEMS

38. ACCOUNTING POLICIES *continued***Impairment of goodwill, intangible assets and property, plant and equipment**

Goodwill arising on business combinations is allocated to the group of cash generating units (CGUs) that is expected to benefit from synergies of the combination, and represents the lowest level at which goodwill is monitored by the Group's Board of directors for internal management purposes. The recoverable amount of the CGU, or group of CGUs, to which goodwill has been allocated is tested for impairment annually, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement. Impairment of goodwill is not subsequently reversed.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use (VIU) assessed using discounted cash flow models, as explained in note 7. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU. A reversal of an impairment loss is recognised in the income statement.

In addition, in making assessments for impairment, management necessarily applies its judgement in allocating assets, including goodwill, that do not generate independent cash inflows to appropriate CGUs.

Subsequent changes to the CGU allocation, to the timing of cash flows or to the assumptions used to determine the cash flows could impact the carrying value of the respective assets.

Non-mining licences and other intangible assets

Non-mining licences and other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets are amortised over their estimated useful lives, usually between 3 and 20 years, except goodwill and those intangible assets that are considered to have indefinite lives. For intangible assets with a finite life, the amortisation period is determined as the period over which the Group expects to obtain benefits from the asset, taking account of all relevant facts and circumstances including contractual lives and expectations about the renewal of contractual arrangements without significant incremental costs. An intangible asset is deemed to have an indefinite life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

Deferred stripping

The removal of rock or soil overlying a mineral deposit, overburden, and other waste materials is often necessary during the initial development of an open pit mine site, in order to access the orebody. The process of removing overburden and other mine waste materials is referred to as stripping. The directly attributable cost of this activity is capitalised in full within 'Mining properties and leases', until the point at which the mine is considered to be capable of operating in the manner intended by management. This is classified as expansionary 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 and leases'. 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 and leases'.

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 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 Indicated or 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.

OTHER ITEMS

38. ACCOUNTING POLICIES continued

'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

Following the adoption of IFRS 16 from 1 January 2019, 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.

Prior to the adoption of IFRS 16 on 1 January 2019, assets held under finance leases were depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Financial assets

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial asset investments and are initially recognised at fair value. The Group's financial assets are classified into the following measurement categories: debt instruments at amortised cost, equity instruments and debt instruments designated at fair value through other comprehensive income (OCI), and debt instruments, derivatives and equity instruments at fair value through profit and loss. Financial assets are classified as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

At subsequent reporting dates, financial assets at amortised cost are measured at amortised cost less any impairment losses. Other investments are classified as either at fair value through profit or loss (which includes investments held for trading) or at fair value through OCI. Both categories are subsequently measured at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses.

The Group has elected to measure equity instruments, which are neither held for trading nor are contingent consideration in a business combination, at fair value through OCI as this better reflects the strategic nature of the Group's equity investments. For equity instruments at fair value through OCI, changes in fair value, including those related to foreign exchange, are recognised in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss.

Impairment of financial assets

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The Group assesses on a forward looking basis the expected credit losses, defined as the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its assets carried at amortised cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses relating to equity instruments at fair value through other comprehensive income 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. 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 generally recognised as a current asset as it is consumed within the normal business cycle. Stockpiles are classified as non-current where there is no ability to process the ore or there is no market to sell the product in its current state.

OTHER ITEMS

38. ACCOUNTING POLICIES *continued*

F. NET DEBT AND FINANCIAL RISK MANAGEMENT

Cash and debt**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost except for money market fund investments which are held at fair value as they are redeemed through the sale of units in the funds and not solely through the recovery of principal and interest.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into.

Borrowings

Interest bearing borrowings and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Lease liabilities

Following adoption of IFRS 16, 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.

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.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. Derivatives are classified as current or non-current depending on the contractual maturity of the derivative. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset

or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

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.

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.

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.

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 net profit 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.

OTHER ITEMS

38. ACCOUNTING POLICIES continued

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.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised on the balance sheet represents the present value of the deficit or surplus of the defined benefit plans. Any recognised surplus is limited to the present value of available refunds or reductions in future contributions to the plan.

Share-based payments

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model.

For all other share awards, the fair value is determined by reference to the market value of the shares at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

I. GROUP STRUCTURE

Associates and joint arrangements

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Typically the Group owns between 20% and 50% of the voting equity of its associates.

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control.

Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties, and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangements have rights to the assets and obligations for the liabilities.

Certain joint arrangements that are structured through separate vehicles including Collahuasi, Debswana and Namdeb are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

The Group accounts for joint operations by recognising the assets, liabilities, revenue and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

Investments in associates and joint ventures are accounted for using the equity method of accounting except when classified as held for sale. The Group's share of associates' and joint ventures' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates and joint ventures represent the cost of each investment including the carrying value of goodwill, the share of post-acquisition retained earnings, any other movements in reserves and any long-term debt interests which in substance form part of the Group's net investment. 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.

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.

OTHER ITEMS**38. ACCOUNTING POLICIES** *continued***Non-current assets and disposal groups held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when a sale is highly probable within one year from the date of classification, management is committed to the sale and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets and disposal groups are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in the income statement.

On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

Black Economic Empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*).

The discount provided or value given is calculated in accordance with IFRS 2 *Share-based Payments* and the cost, representing the fair value of the BEE credentials obtained by the subsidiary, is recorded in the income statement.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

Balance sheet of the Company, Anglo American plc, as at 31 December 2019

US\$ million	Note	2019	2018
Fixed assets			
Investment in subsidiaries	1	30,876	30,775
Current assets			
Amounts due from Group undertakings		1,296	164
Cash at bank and in hand		81	1
		1,377	165
Creditors due within one year			
Amounts owed to Group undertakings		(190)	(482)
Accruals		(3)	—
		(193)	(482)
Net current assets/(liabilities)		1,184	(317)
Total assets less current liabilities		32,060	30,458
Net assets		32,060	30,458
Capital and reserves			
Called-up share capital	2	753	772
Share premium account	2	4,358	4,358
Capital redemption reserve	2	134	115
Other reserves	2	1,955	1,955
Retained earnings	2	24,860	23,258
Total shareholders' funds		32,060	30,458

The profit after tax for the year of the Company amounted to \$3,422 million (2018: \$1,057 million).

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 19 February 2020 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

1. INVESTMENT IN SUBSIDIARIES

US\$ million	2019	2018
Cost		
At 1 January	30,792	29,933
Capital contributions ⁽¹⁾	103	147
(Disposals)/additions	(2)	712
At 31 December	30,893	30,792
Provisions for impairment		
At 1 January	(17)	(17)
Charge for the year	(2)	—
Impairment on disposals	2	—
At 31 December	(17)	(17)
Net book value	30,876	30,775

⁽¹⁾ This amount is net of \$37 million (2018: \$17 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 ⁽¹⁾	Retained earnings ⁽²⁾	Total
At 1 January 2018	772	4,358	115	1,955	23,169	30,369
Profit for the financial year	—	—	—	—	1,057	1,057
Dividends ⁽³⁾	—	—	—	—	(900)	(900)
Net purchase of treasury shares under employee share schemes	—	—	—	—	(232)	(232)
Capital contribution to Group undertakings	—	—	—	—	164	164
At 31 December 2018	772	4,358	115	1,955	23,258	30,458
Profit for the financial year	—	—	—	—	3,422	3,422
Dividends ⁽³⁾	—	—	—	—	(980)	(980)
Share buyback	—	—	—	—	(777)	(777)
Net purchase of treasury shares under employee share schemes	—	—	—	—	(192)	(192)
Shares cancelled during the year	(19)	—	19	—	—	—
Capital contribution to Group undertakings	—	—	—	—	140	140
Other	—	—	—	—	(11)	(11)
At 31 December 2019	753	4,358	134	1,955	24,860	32,060

⁽¹⁾ At 31 December 2019 other reserves of \$1,955 million (2018: \$1,955 million) were not distributable under the Companies Act 2006.

⁽²⁾ At 31 December 2019 \$2,685 million (2018: \$2,685 million) of the Company's retained earnings of \$24,860 million (2018: \$23,258 million) was not distributable under the Companies Act 2006.

⁽³⁾ 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 2019 of 47 US cents per share (see note 6 of the Consolidated financial statements).

The audit fee in respect of the Company was \$7,660 (2018: \$7,052). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 37 to the Consolidated financial statements.

3. ACCOUNTING POLICIES: ANGLO AMERICAN PLC (THE COMPANY)

The Company balance sheet and related notes have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* (FRS 100) and Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

A summary of the principal accounting policies is set out below.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements.

Significant accounting policies**Investments**

Investments represent equity holdings in subsidiaries and are measured at cost less accumulated impairment.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are derecognised when they are discharged or when the contractual terms expire.

Dividends

Interim equity dividends are recognised when declared. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Share-based payments

The Company has applied the requirements of IFRS 2 *Share-based Payments*.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the shares at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in Investments in subsidiaries.

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 228.

Marketing activities are allocated to the underlying operation to which they relate.

US\$ million (unless otherwise stated)	2019							
	Sales volume	Realised price	Unit cost	Group revenue ⁽¹⁾	Underlying EBITDA	Underlying EBIT	Underlying earnings	Capital expenditure
	'000 cts	\$/ct	\$/ct					
De Beers	29,186 ⁽²⁾	137 ⁽³⁾	63 ⁽⁴⁾	4,605 ⁽⁵⁾	558	168	45	567
Mining								
Botswana	n/a	139 ⁽³⁾	29 ⁽⁴⁾	n/a	385	325	n/a	88
Namibia	n/a	534 ⁽³⁾	303 ⁽⁴⁾	n/a	121	86	n/a	55
South Africa	n/a	108 ⁽³⁾	73 ⁽⁴⁾	n/a	57	28	n/a	275
Canada	n/a	119 ⁽³⁾	44 ⁽⁴⁾	n/a	138	66	n/a	31
Trading	n/a	n/a	n/a	n/a	133	126	n/a	4
Other ⁽⁶⁾	n/a	n/a	n/a	n/a	(276)	(463)	n/a	114
	kt	c/lb	c/lb					
Copper	644 ⁽⁷⁾	273 ⁽⁸⁾	126 ⁽⁹⁾	5,840	1,618	960	509	1,078
Los Bronces ⁽¹⁰⁾	336	n/a	135 ⁽⁹⁾	1,872	745	378	n/a	239
Collahuasi ⁽¹¹⁾	254	n/a	100 ⁽⁹⁾	1,414	916	691	486	275
Quellaveco ⁽¹²⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	494
Other ⁽¹³⁾	54	n/a	n/a	2,554	(43)	(109)	n/a	70
	koz	\$/Pt oz	\$/Pt oz					
Platinum Group Metals	2,215 ⁽¹⁴⁾	2,819 ⁽¹⁵⁾	1,543 ⁽¹⁶⁾	6,866	2,000	1,672	872	569
Mogalakwena	519 ⁽¹⁴⁾	3,433 ⁽¹⁵⁾	1,329 ⁽¹⁶⁾	1,789	995	863	n/a	264
Amandelbult	458 ⁽¹⁴⁾	2,624 ⁽¹⁵⁾	1,725 ⁽¹⁶⁾	1,206	355	298	n/a	84
Processing and trading ⁽¹⁷⁾	813 ⁽¹⁴⁾	n/a	n/a	2,669	321	295	n/a	—
Other ⁽¹⁸⁾	425	2,879	1,621	1,202	329	216	n/a	221
	Mt	\$/t	\$/t					
Iron Ore	n/a	n/a	n/a	6,758	3,407	2,952	1,635	594
Kumba Iron Ore ⁽¹⁹⁾	42.0	97 ⁽²⁰⁾	33 ⁽²¹⁾	4,445	2,243 ⁽²²⁾	1,918 ⁽²²⁾	663 ⁽²²⁾	389
Iron Ore Brazil (Minas-Rio)	22.9	79 ⁽²⁰⁾	21 ⁽²¹⁾	2,313	1,164 ⁽²²⁾	1,034 ⁽²²⁾	972 ⁽²²⁾	205
	Mt	\$/t	\$/t					
Coal	n/a	n/a	n/a	6,137	1,832	1,010	662	934
Metallurgical Coal	22.4 ⁽²³⁾	165 ⁽²⁴⁾	63 ⁽²⁵⁾	3,756	1,707 ⁽²⁶⁾	1,079 ⁽²⁶⁾	734 ⁽²⁶⁾	670
Thermal Coal – South Africa	18.1 ⁽²³⁾	61 ⁽²⁴⁾	45 ⁽²⁵⁾	1,887	(5) ⁽²⁶⁾	(94) ⁽²⁶⁾	(81) ⁽²⁶⁾	264
Thermal Coal – Colombia ⁽²⁷⁾	8.8	56	33	494	130	25	9	—
Nickel and Manganese	n/a	n/a	n/a	1,498	634	477	301	42
Nickel	41,700 t	624 c/lb	380 c/lb ⁽²⁸⁾	572	191 ⁽²⁹⁾	89 ⁽²⁹⁾	99 ⁽²⁹⁾	42
Manganese (Samancor) ⁽³⁰⁾	3.7 Mt	n/a	n/a	926	443	388	202	—
Corporate and other	n/a	n/a	n/a	121	(43)	(229)	(556)	56
Exploration	n/a	n/a	n/a	n/a	(126)	(128)	(115)	1
Corporate activities and unallocated costs	n/a	n/a	n/a	121	83	(101)	(441)	55
	n/a	n/a	n/a	31,825	10,006	7,010	3,468	3,840

See page 218 for footnotes.

US\$ million (unless otherwise stated)	2018							
	Sales volume	Realised price	Unit cost	Group revenue ⁽¹⁾	Underlying EBITDA	Underlying EBIT	Underlying earnings	Capital expenditure
	'000 cts	\$/ct	\$/ct					
De Beers	31,656 ⁽²⁾	171 ⁽³⁾	60 ⁽⁴⁾	6,082 ⁽⁵⁾	1,245	694	349	417 ⁽³¹⁾
Mining								
Botswana	n/a	155 ⁽³⁾	28 ⁽⁴⁾	n/a	495	441	n/a	97
Namibia	n/a	550 ⁽³⁾	274 ⁽⁴⁾	n/a	176	140	n/a	38
South Africa	n/a	109 ⁽³⁾	54 ⁽⁴⁾	n/a	163	58	n/a	177
Canada	n/a	144 ⁽³⁾	52 ⁽⁴⁾	n/a	231	78	n/a	127
Trading	n/a	n/a	n/a	n/a	413	407	n/a	2
Other ⁽⁶⁾	n/a	n/a	n/a	n/a	(233)	(430)	n/a	(24)
	kt	c/lb	c/lb					
Copper	672 ⁽⁷⁾	283 ⁽⁸⁾	134 ⁽⁹⁾	5,168	1,856	1,234	917	703
Los Bronces ⁽¹⁰⁾	376	n/a	145 ⁽⁹⁾	2,175	969	625	n/a	217
Collahuasi ⁽¹¹⁾	243	n/a	105 ⁽⁹⁾	1,460	960	736	642	295
Quellaveco ⁽¹²⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	131
Other ⁽¹³⁾	53	n/a	n/a	1,533	(73)	(127)	n/a	60
	koz	\$/Pt oz	\$/Pt oz					
Platinum Group Metals	2,424 ⁽¹⁴⁾	2,219 ⁽¹⁵⁾	1,561 ⁽¹⁶⁾	5,680	1,062	705	418	496
Mogalakwena	492 ⁽¹⁴⁾	2,759 ⁽¹⁵⁾	1,398 ⁽¹⁶⁾	1,367	623	478	n/a	210
Amandelbult	445 ⁽¹⁴⁾	2,222 ⁽¹⁵⁾	1,717 ⁽¹⁶⁾	996	153	96	n/a	74
Processing and trading ⁽¹⁷⁾	1,120 ⁽¹⁴⁾	n/a	n/a	2,428	218	187	n/a	—
Other ⁽¹⁸⁾	367	2,272	1,600	889	68	(56)	n/a	212
	Mt	\$/t	\$/t					
Iron Ore	n/a	n/a	n/a	3,768	1,177	747	(117)	415
Kumba Iron Ore	43.3	72 ⁽²⁰⁾	32 ⁽²¹⁾	3,440	1,489 ⁽²²⁾	1,158 ⁽²²⁾	415 ⁽²²⁾	309
Iron Ore Brazil (Minas-Rio)	3.2	70 ⁽²⁰⁾	n/a ⁽²¹⁾	328	(312) ⁽²²⁾	(411) ⁽²²⁾	(532) ⁽²²⁾	106
	Mt	\$/t	\$/t					
Coal	n/a	n/a	n/a	7,788	3,196	2,538	1,755	722
Metallurgical Coal	22.0 ⁽²³⁾	190 ⁽²⁴⁾	64 ⁽²⁵⁾	4,231	2,158 ⁽²⁶⁾	1,722 ⁽²⁶⁾	1,228 ⁽²⁶⁾	574
Thermal Coal – South Africa	18.3 ⁽²³⁾	87 ⁽²⁴⁾	44 ⁽²⁵⁾	2,719	650 ⁽²⁶⁾	521 ⁽²⁶⁾	334 ⁽²⁶⁾	148
Thermal Coal – Colombia ⁽²⁷⁾	10.1	83	36	838	388	295	193	—
Nickel and Manganese	n/a	n/a	n/a	1,707	844	685	526	38
Nickel	43,100 t	588 c/lb	361 c/lb ⁽²⁸⁾	560	181 ⁽²⁹⁾	75 ⁽²⁹⁾	171 ⁽²⁹⁾	38
Manganese (Samancor) ⁽³⁰⁾	3.7 Mt	n/a	n/a	1,147	663	610	355	—
Corporate and other	n/a	n/a	n/a	3	(219)	(226)	(611)	27
Exploration	n/a	n/a	n/a	—	(113)	(113)	(105)	—
Corporate activities and unallocated costs	n/a	n/a	n/a	3	(106)	(113)	(506)	27
	n/a	n/a	n/a	30,196	9,161	6,377	3,237	2,818

⁽¹⁾ Group revenue is shown after deduction of treatment and refining charges (TC/RCS).

⁽²⁾ Total sales volumes on a 100% basis were 30.9 million carats (2018: 33.7 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. The De Beers realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to De Beers unit costs, which relate to equity production only.

⁽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 \$4.0 billion (2018: \$5.4 billion).

⁽⁶⁾ Other includes Element Six, downstream, acquisition accounting adjustments and corporate.

⁽⁷⁾ Excludes 349 kt third-party sales (2018: 178 kt).

⁽⁸⁾ Realised price, 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 production, 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. 2019 capex on a 100% basis was \$1,338 million, of which \$515 million was funded by cash from the Mitsubishi syndication transaction in 2018. Of the remaining \$823 million, the Group and Mitsubishi funded their respective 60% and 40% shares via shareholder loans.

⁽¹³⁾ Other operations includes El Soldado and Chagres (figures on a 100% basis, Group's share: 50.1%), third-party sales and purchases.

⁽¹⁴⁾ Sales volumes exclude the sale of refined metal purchased from third parties and toll material. Comparatives include purchase of concentrate volumes now transitioned to tolling.

⁽¹⁵⁾ Average US\$ realised basket price. Excludes the impact of the sale of refined metal purchased from third parties.

⁽¹⁶⁾ Total cash operating costs – includes on-mine, smelting and refining costs only.

⁽¹⁷⁾ Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.

⁽¹⁸⁾ Includes Unki, Union (prior to disposal), Mototolo (post-acquisition on 1 November 2018), PGMs' share of joint operations.

⁽¹⁹⁾ Sales volumes, stock and realised price for 2019 differ to Kumba's stand-alone reported results due to sales to other Group companies.

⁽²⁰⁾ Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha). Prices for Minas-Rio are the average realised export basket price (FOB Açú) (wet basis).

⁽²¹⁾ Unit costs for Kumba Iron Ore are on an FOB (dry) basis. Unit costs for Minas-Rio are on an FOB (wet) basis and were not disclosed for 2018, due to the suspension of operations.

⁽²²⁾ Kumba Iron Ore segment includes \$66 million projects and corporate costs (2018: \$55 million). Iron Ore Brazil segment includes \$55 million projects and corporate costs (2018: \$40 million).

⁽²³⁾ South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and pre-commercial production volumes from Navigation section of Khwezela and exclude domestic sales of 9.8 Mt (2018: 13.1 Mt) and non-equity traded sales of 10.9 Mt (2018: 9.5 Mt). Included in 2018 is domestic sales of 2.8 Mt from the Eskom-tied operations, which were sold on 1 March 2018. Metallurgical Coal sales volumes exclude thermal coal sales of 1.8 Mt (2018: 1.6 Mt).

⁽²⁴⁾ Metallurgical Coal realised price is the weighted average hard coking coal and PCI sales price achieved. Thermal Coal – South Africa realised price is the weighted average export thermal coal price achieved. Excludes third-party sales.

⁽²⁵⁾ FOB cost per saleable tonne, excluding royalties. Metallurgical Coal excludes study costs. Thermal Coal – South Africa unit cost is for the trade operations.

⁽²⁶⁾ Metallurgical Coal segment includes \$69 million projects and corporate costs (2018: \$52 million). Thermal Coal – South Africa segment includes \$59 million projects and corporate costs (2018: \$45 million).

⁽²⁷⁾ Represents the Group's attributable share from its 33.3% interest in Cerrejón.

⁽²⁸⁾ C1 unit cost.

⁽²⁹⁾ Nickel segment includes \$12 million projects and corporate costs (2018: \$8 million).

⁽³⁰⁾ Sales and financials include ore and alloy.

⁽³¹⁾ In 2018, includes the acquisition of Peregrine Diamonds Limited for a consideration of \$87 million.

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 228.

US\$ million (unless otherwise stated)	2019	2018	2017	2016	2015	2014	2013	2012 restated ⁽¹⁾	2011	2010
Income statement measures										
Group revenue	31,825	30,196	28,650	23,142	23,003	30,988	33,063	32,785	36,548	32,929
Underlying EBIT	7,010	6,377	6,247	3,766	2,223	4,933	6,620	6,253	11,095	9,763
Underlying EBITDA	10,006	9,161	8,823	6,075	4,854	7,832	9,520	8,860	13,348	11,983
Revenue	29,870	27,610	26,243	21,378	20,455	27,073	29,342	28,680	30,580	27,960
Net finance costs (before special items and remeasurements)	(420)	(380)	(473)	(209)	(458)	(256)	(276)	(299)	(20)	(244)
Profit/(loss) before tax	6,146	6,189	5,505	2,624	(5,454)	(259)	1,700	(171)	10,782	10,928
Profit/(loss) for the financial year	4,582	4,373	4,059	1,926	(5,842)	(1,524)	426	(564)	7,922	8,119
Non-controlling interests	(1,035)	(824)	(893)	(332)	218	(989)	(1,387)	(906)	(1,753)	(1,575)
Profit/(loss) attributable to equity shareholders of the Company	3,547	3,549	3,166	1,594	(5,624)	(2,513)	(961)	(1,470)	6,169	6,544
Underlying earnings	3,468	3,237	3,272	2,210	827	2,217	2,673	2,860	6,120	4,976
Balance sheet measures										
Capital employed	35,576	32,269	32,813	31,904	32,842	43,782	46,551	49,757	41,667	42,135
Net assets	31,385	29,832	28,882	24,325	21,342	32,177	37,364	43,738	43,189	37,971
Non-controlling interests	(6,590)	(6,234)	(5,910)	(5,309)	(4,773)	(5,760)	(5,693)	(6,127)	(4,097)	(3,732)
Equity attributable to equity shareholders of the Company	24,795	23,598	22,972	19,016	16,569	26,417	31,671	37,611	39,092	34,239
Cash flow measures										
Cash flows from operations	9,260	7,782	8,375	5,838	4,240	6,949	7,729	7,370	11,498	9,924
Capital expenditure	(3,840)	(2,818)	(2,150)	(2,387)	(4,177)	(6,018)	(6,075)	(5,947)	(5,672)	(4,902)
Net debt	(4,626)	(2,848)	(4,501)	(8,487)	(12,901)	(12,871)	(10,652)	(8,510)	(1,374)	(7,384)
Metrics and ratios										
Underlying earnings per share (US\$)	2.75	2.55	2.57	1.72	0.64	1.73	2.09	2.28	5.06	4.13
Earnings per share (US\$)	2.81	2.80	2.48	1.24	(4.36)	(1.96)	(0.75)	(1.17)	5.10	5.43
Ordinary dividend per share (US cents)	109	100	102	—	32	85	85	85	74	65
Ordinary dividend cover (based on underlying earnings per share)	2.5	2.6	2.5	—	2.0	2.0	2.5	2.7	6.8	6.4
Underlying EBIT margin	22.0%	21.1%	21.8%	16.3%	9.7%	15.9%	20.0%	19.1%	30.4%	29.6%
Underlying EBIT interest cover ⁽²⁾	18.0	19.9	16.5	16.7	10.1	30.1	35.8	36.8	n/a	34.2
Underlying effective tax rate	30.8%	31.3%	29.7%	24.6%	31.0%	29.8%	32.0%	29.0%	28.3%	31.9%
Gearing (net debt to total capital) ⁽³⁾	13%	9%	13%	26%	38%	29%	22%	16%	3%	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⁾ Underlying EBIT interest cover is underlying EBIT divided by net finance costs, excluding net foreign exchange gains and losses, unwinding of discount relating to provisions and other liabilities, financing special items and remeasurements, and including the Group's attributable share of associates' and joint ventures' net finance costs, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

⁽³⁾ Net debt to total capital is calculated as net debt divided by total capital (being 'Net assets' as shown in the Consolidated balance sheet excluding net debt).

EXCHANGE RATES AND COMMODITY PRICES

US\$ exchange rates		2019	2018
Year end spot rates			
South African rand		14.03	14.38
Brazilian real		4.02	3.88
Sterling		0.76	0.78
Australian dollar		1.43	1.42
Euro		0.89	0.87
Chilean peso		752	694
Botswana pula		10.60	10.71
Peruvian sol		3.32	3.37
Average rates for the year			
South African rand		14.45	13.25
Brazilian real		3.95	3.65
Sterling		0.78	0.75
Australian dollar		1.44	1.34
Euro		0.89	0.85
Chilean peso		703	642
Botswana pula		10.77	10.18
Peruvian sol		3.34	3.29
Commodity prices		2019	2018
Year end spot prices			
Copper ⁽¹⁾	US cents/lb	279	270
Platinum ⁽²⁾	US\$/oz	971	794
Palladium ⁽²⁾	US\$/oz	1,920	1,263
Rhodium ⁽³⁾	US\$/oz	6,050	2,445
Iron ore (62% Fe CFR) ⁽⁴⁾	US\$/tonne	92	73
Iron ore (66% Fe Concentrate CFR) ⁽⁵⁾	US\$/tonne	106	91
Hard coking coal (FOB Australia) ⁽⁴⁾	US\$/tonne	140	220
PCI (FOB Australia) ⁽⁴⁾	US\$/tonne	87	122
Thermal coal (FOB South Africa) ⁽⁶⁾	US\$/tonne	87	97
Thermal coal (FOB Australia) ⁽⁷⁾	US\$/tonne	66	103
Thermal coal (FOB Colombia) ⁽⁶⁾	US\$/tonne	47	79
Nickel ⁽¹⁾	US cents/lb	635	481
Manganese ore (44% CIF China) ⁽⁵⁾	US\$/dmu	4.20	6.85
Average market prices for the year			
Copper ⁽¹⁾	US cents/lb	272	296
Platinum ⁽²⁾	US\$/oz	864	880
Palladium ⁽²⁾	US\$/oz	1,539	1,029
Rhodium ⁽³⁾	US\$/oz	3,914	2,214
Iron ore (62% Fe CFR) ⁽⁴⁾	US\$/tonne	93	69
Iron ore (66% Fe Concentrate CFR) ⁽⁵⁾	US\$/tonne	104	95
Hard coking coal (FOB Australia) ⁽⁴⁾	US\$/tonne	177	207
PCI (FOB Australia) ⁽⁴⁾	US\$/tonne	110	136
Thermal coal (FOB South Africa) ⁽⁶⁾	US\$/tonne	72	98
Thermal coal (FOB Australia) ⁽⁷⁾	US\$/tonne	78	107
Thermal coal (FOB Colombia) ⁽⁶⁾	US\$/tonne	54	85
Nickel ⁽¹⁾	US cents/lb	632	595
Manganese ore (44% CIF China) ⁽⁵⁾	US\$/dmu	5.58	7.24

⁽¹⁾ Source: London Metal Exchange (LME).⁽²⁾ Source: London Platinum and Palladium Market (LPPM).⁽³⁾ Source: Johnson Matthey/Comdaq.⁽⁴⁾ Source: Platts.⁽⁵⁾ Source: Metal Bulletin.⁽⁶⁾ Source: Argus/McCloskey.⁽⁷⁾ Source: globalCOAL.

ORE RESERVES AND MINERAL RESOURCES

as at 31 December 2019

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 requires 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 and Metallurgy) Definition Standards on Mineral Resources and Mineral Reserves.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons (CPs) along with their Recognised Professional Organisation (RPO) affiliation and years of relevant experience are listed in the Ore Reserves and Mineral Resources Report 2019.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource. The overall value of the entity and time that has elapsed since an independent third-party review are also considered. Those operations/projects that were subjected to independent third-party reviews during the year are indicated in footnotes to the tables.

Both the JORC and SAMREC Codes require due consideration of reasonable prospects for eventual economic extraction for Mineral Resource definition. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long-term economic outlooks. The calculation of Mineral Resource and Ore Reserve estimates are based on long-term prices determined at the beginning of the second quarter of each year. Ore Reserves are dynamic and more likely to be affected by fluctuations in the prices of commodities, uncertainties in production costs, processing costs and other mining, infrastructure, legal, environmental, social and governmental factors which may impact the financial condition and prospects of the Group. Mineral Resource estimates also change and tend to be most influenced by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves. Unless otherwise stated, Mineral Resources are additional to (exclusive of) those resources converted to Ore Reserves and are reported on a dry tonnes basis.

Mineral Resource classification defines the confidence associated with different parts of the Mineral Resource. The confidence that is assigned refers collectively to the reliability of the Grade and Tonnage estimates. This reliability includes consideration for the fidelity of the base data, the geological continuity predicated by the level of understanding of the geology, the likely precision of the estimated grades and understanding of grade variability, as well as various other factors (in particular density) that may influence the confidence that can be placed on the Mineral Resource. Most business units have developed commodity-specific scorecard-based approaches to the classification of their Mineral Resources.

The appropriate Mineral Resource classification is determined by the appointed Competent (or Qualified) Persons. The choice of category of Mineral Resource depends upon the quantity, distribution and quality of geoscientific information available and the level of confidence in these data.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2019. The figures in the tables have been rounded, and if used to derive totals and averages, minor differences may result.

The Ore Reserves and Mineral Resources Report 2019 should be considered the only valid source of Ore Reserve and Mineral Resource information for the Anglo American Group exclusive of Kumba Iron Ore and Anglo American Platinum Limited which publish their own independent annual reports.

It is accepted that mine design and planning may include some Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine Plan (LOM Plan) are described as 'Inferred (in LOM Plan)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOM Plan)', as required. These resources are declared without application of any Modifying Factors. Reserve Life reflects the scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan.

The Ownership (Attributable) Percentage that Anglo American holds in each operation and project is presented beside the name of each entity and is the Group's effective ownership interest. Operations and projects which fall below the internal threshold for reporting (25% attributable interest) are not reported. Operations or projects which were disposed of during 2019 and hence not reported are: Bafokeng Rasimone Platinum Mine (Platinum) and Serro Project (Iron Ore Brazil).

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004 (subsequently amended by the Minerals and Petroleum Resources Development Amendment Act 49 of 2008) effectively transferred custodianship of the previously privately held mineral rights to the State.

A Prospecting Right is a right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years.

A Mining Right is a right issued in terms of the MPRDA and is valid for up to 30 years, with the possibility of a further extension of 30 years. The Minister of Mineral Resources will grant a renewal of the Mining Right if the terms and conditions of the Mining Right have been complied with and the applicant is not in contravention of any relevant provisions of the MPRDA.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant Ore Reserves and Mineral Resources have been included in the statement.
- Where applications for Mining Rights and Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant Mineral Resources have been included in the statement (any associated comments appear in the footnotes).



The detailed Ore Reserve and Mineral Resource estimates, Reserve and Resource Reconciliation Overview, Definitions and Glossary are contained in the separate Ore Reserves and Mineral Resources Report 2019 which is available in the Annual Reporting Centre on the Anglo American website.

ESTIMATED ORE RESERVES⁽¹⁾

as at 31 December 2019

Detailed Proved and Probable estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2019.

					Total Proved & Probable		
DIAMOND ⁽³⁾ OPERATIONS – DBCi (See page 10 in R&R Report for details)		Ownership %	Mining Method	LOM ⁽²⁾ (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Gahcho Kué	Kimberlite	43.4	OP	11	52.1	32.6	160.2
DIAMOND ⁽³⁾ OPERATIONS – DBCM (See page 11 in R&R Report for details)		Ownership %	Mining Method	LOM ⁽²⁾ (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Venetia (OP)	Kimberlite	62.9	OP	27	11.3	9.9	114.3
Venetia (UG)	Kimberlite		UG		78.5	98.6	79.7
DIAMOND ⁽³⁾ OPERATIONS – Debswana (See pages 12 & 13 in R&R Report for details)		Ownership %	Mining Method	LOM ⁽²⁾ (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Damtshaa	Kimberlite	42.5	OP	16	4.2	23.2	18.0
Jwaneng	Kimberlite	42.5	OP	16	152.4	120.9	126.1
Letlhakane	TMR	42.5	n/a	22	6.6	29.2	22.5
Orapa	Kimberlite	42.5	OP	12	136.8	121.9	112.2
DIAMOND ⁽³⁾ OPERATIONS – Namdeb (See page 14 in R&R Report for details)		Ownership %	Mining Method	LOM ⁽²⁾ (years)	Saleable Carats (kct)	Treated Tonnes (kt)	Recovered Grade (cpht)
Mining Area 1	Beaches	42.5	OC	3	44	818	5.38
Orange River	Fluvial Placers	42.5	OC	3	86	7,180	1.20
					Saleable Carats (kct)	Area k (m ²)	Recovered Grade (cpm ²)
Atlantic 1	Marine Placers	42.5	MM	31	6,209	107,792	0.06
COPPER OPERATIONS (See page 16 in R&R Report for details)		Ownership %	Mining Method	Reserve Life ⁽²⁾ (years)	Contained Copper (kt)	ROM Tonnes (Mt)	Grade (%TCu)
Collahuasi	Sulphide (direct feed)	44.0	OP	51	25,708	2,634.5	0.98
	Low Grade Sulphide (incl. stockpile)				2,384	420.6	0.57
El Soldado	Sulphide	50.1	OP	8	462	59.2	0.78
Los Bronces	Sulphide – Flotation	50.1	OP	35	7,624	1,365.3	0.56
	Sulphide – Dump Leach				1,742	630.9	0.28
PLATINUM ⁽⁴⁾ OPERATIONS (See pages 19 & 20 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	78.0	UG	>21	15.5	109.1	4.41
Mogalakwena	Platreef (incl. stockpiles)	78.0	OP	>21	118.8	1,256.2	2.94
Mototolo	UG2 Reef	78.0	UG	16	3.0	27.8	3.34
Unki	Main Sulphide Zone	78.0	UG	22	5.6	53.3	3.27
Non-Managed	MR & UG2 Reefs	45.3	UG	n/a	8.6	75.2	3.58
KUMBA IRON ORE OPERATIONS (See page 24 in R&R Report for details)		Ownership %	Mining Method	Reserve Life ⁽²⁾ (years)	Saleable product ⁽⁵⁾ (Mt)		Grade (%Fe)
Kolomela	Hematite (incl. ROM stockpile)	53.2	OP	12	163		64.3
Sishen	Hematite (incl. ROM stockpile)	53.2	OP	13	388		63.9
IRON ORE BRAZIL OPERATIONS (See page 26 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	637		67.5
	Itabirite				764		67.5

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 (m²) = thousand square metres.Diamond Recovered Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square metre (cpm²).

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 & Probable

COAL OPERATIONS – Australia (See page 27 in R&R Report for details)		Ownership %	Mining Method	Reserve Life ⁽²⁾ (years)	Saleable Tonnes ⁽⁶⁾ (Mt)	Saleable Quality	
Capcoal (OC)*	Metallurgical – Coking	78.2	OC	19	32.1	5.5 CSN	
	Metallurgical – Other				49.7	6,850 kcal/kg	
	Thermal – Export				9.6	5,980 kcal/kg	
Capcoal (UG)*	Metallurgical – Coking	70.0	UG	2	10.1	8.5 CSN	
Dawson	Metallurgical – Coking	51.0	OC	18	78.9	7.0 CSN	
	Thermal – Export				66.2	6,690 kcal/kg	
Grosvenor	Metallurgical – Coking	100	UG	18	80.0	8.5 CSN	
Moranbah North	Metallurgical – Coking	88.0	UG	20	145.6	7.5 CSN	
COAL OPERATIONS – Colombia (See page 27 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	14	327.8	6,040 kcal/kg	
COAL OPERATIONS – South Africa (See pages 28 & 31 in R&R Report for details)		Ownership %	Mining Method	Reserve Life ⁽²⁾ (years)	Saleable Tonnes ⁽⁶⁾ (Mt)	Saleable Quality	
Goedehoop	Thermal – Export	100	UG	5	13.1	5,970 kcal/kg	
Goedehoop – MRD	Thermal – Export		n/a	2	4.5	2,840 kcal/kg	
Greenside	Thermal – Export	100	UG	7	25.2	5,930 kcal/kg	
Greenside – MRD	Thermal – Export		n/a	3	2.9	5,120 kcal/kg	
Isibonelo	Synfuel	100	OC	7	34.9	4,630 kcal/kg	
Kleinkopje*	Thermal – Export	100	OC	8	17.4	6,250 kcal/kg	
Kleinkopje – MRD*	Thermal – Domestic		n/a	3	7.2	4,560 kcal/kg	
Landau*	Thermal – Export	100	OC	7	21.0	5,650 kcal/kg	
	Thermal – Domestic				0.8	4,160 kcal/kg	
Mafube	Thermal – Export	50.0	OC	11	36.9	5,690 kcal/kg	
Rietvlei	Thermal – Domestic	34.0	OC	5	12.7	4,880 kcal/kg	
Zibulo	Thermal – Export	73.0	UG&OC	9	33.0	6,230 kcal/kg	
	Thermal – Domestic				20.0	4,960 kcal/kg	
NICKEL OPERATIONS (See page 34 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	19	731	56.6	1.29
Niquelândia	Saprolite	100	OP	13	104	8.3	1.25
SAMANCOR MANGANESE OPERATIONS (See page 36 in R&R Report for details)		Ownership %	Mining Method	Reserve Life ⁽²⁾ (years)		ROM tonnes (Mt)	Grade (%Mn)
GEMCO ⁽⁷⁾	ROM	40.0	OP	6		53	43.3
	Sands					6.8	40.0
Mamatwan		29.6	OP	16		51	36.6
Wessels		29.6	UG	57		78	42.4

Operations = Mines in steady-state or projects in ramp-up phase. MRD = Mineral Residue Deposit. Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut.

* Capcoal comprises opencast operations at Lake Lindsay and Oak Park, with an underground longwall operation at Grasstree.

+ Kleinkopje and Landau operate under an integrated management structure, forming Khwezela Colliery.

⁽¹⁾ Estimated Ore Reserves are the sum of Proved and Probable Ore Reserves (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves unless otherwise stated). 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). The figures reported represent 100% of the Ore Reserves. Anglo American plc ownership is stated separately. Rounding of figures may cause computational discrepancies.

⁽²⁾ Reserve Life = The scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan. LOM = Life of Mine (years) is based on scheduled Probable Reserves including some Inferred Resources considered for Life of Mine planning.

⁽³⁾ DBCi = De Beers Canada, DBCM = De Beers Consolidated Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings. Reported Diamond Reserves are based on a Bottom Cut-Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh). Specific BCO's 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 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 9.2 wt% of the wet mass) with grade stated on a dry basis.

⁽⁶⁾ Total Saleable Tonnes represents the product tonnes quoted as metric tonnes on a product moisture basis. The coal quality for Coal Reserves is quoted as either kilocalories per kilogram (kcal/kg) or Crucible Swell Number (CSN). Kilocalories per kilogram represent Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index. Metallurgical – Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry. Metallurgical – Other: Semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverised coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal. Thermal – Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV). Thermal – Domestic: Low- to high-volatile thermal coal primarily for domestic consumption in power generation. Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals.

⁽⁷⁾ GEMCO Ore Reserve Manganese grades are reported as expected product and should be read together with their respective mass yields, ROM: 61%, Sands: 22%.

ESTIMATED MINERAL RESOURCES⁽¹⁾

as at 31 December 2019

Detailed Measured, Indicated and Inferred estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2019.

				Total Measured & Indicated			Total Inferred ⁽²⁾		
DIAMOND ⁽³⁾ OPERATIONS – DBCi (See page 10 in R&R Report for details)				Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	
Gahcho Kué	Kimberlite			43.4	OP	2.8	2.2	125.9	19.4 13.6 142.6
DIAMOND ⁽³⁾ OPERATIONS – DBCM (See page 11 in R&R Report for details)				Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	
Venetia (OP)	Kimberlite			62.9	OP	—	—	—	1.3 5.6 24.0
Venetia (UG)	Kimberlite				UG	—	—	—	59.6 69.9 85.3
Voorspoed	Kimberlite			62.9	OP	0.5	1.9	26.9	3.5 18.5 19.0
DIAMOND ⁽³⁾ OPERATIONS – Debswana (See pages 12 & 13 in R&R Report for details)				Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	
Damtshaa	Kimberlite			42.5	OP	0.8	3.7	22.7	5.3 22.0 24.2
Jwaneng	Kimberlite			42.5	OP	57.8	70.4	82.1	63.1 74.2 85.0
	TMR & ORT				n/a	—	—	—	22.5 29.7 76.0
Letlhakane	TMR & ORT			42.5	n/a	1.0	0.0	5,442.1	14.9 56.0 26.6
Orapa	Kimberlite			42.5	OP	286.7	285.9	100.3	66.2 77.7 85.2
DIAMOND ⁽³⁾ OPERATIONS – Namdeb (See page 14 in R&R Report for details)				Ownership %	Mining Method	Carats (kct)	Tonnes (kt)	Grade (cpht)	
Douglas Bay	Aeolian and Deflation			42.5	OC	160	2,269	7.05	1 127 0.79
Elizabeth Bay	Aeolian, Marine and Deflation			42.5	OC	148	2,165	6.84	2,151 28,469 7.56
Mining Area 1	Beaches			42.5	OC	287	38,196	0.75	3,082 194,824 1.58
Orange River	Fluvial Placers			42.5	OC	117	27,898	0.42	227 65,619 0.35
						Carats (kct)	Area k (m ²)	Grade (cpm ²)	
Atlantic 1	Marine Placers			42.5	MM	11,127	133,579	0.08	69,630 994,996 0.07
Midwater	Marine			42.5	MM	1,192	7,396	0.16	1,031 11,334 0.09
COPPER OPERATIONS (See page 17 in R&R Report for details)				Ownership %	Mining Method	Contained Copper (kt)	Tonnes (Mt)	Grade (%TCu)	
Collahuasi	Oxide and Mixed			44.0	OP	489	70.0	0.70	289 50.6 0.57
	Sulphide (direct feed)					9,193	957.6	0.96	26,801 3,024.7 0.89
	Low Grade Sulphide (<i>in situ</i> & stockpile)					5,917	1,308.7	0.45	8,040 1,729.9 0.46
El Soldado	Sulphide			50.1	OP	758	136.4	0.56	27 7.0 0.39
Los Bronces	Sulphide – Flotation			50.1	OP	10,238	2,318.1	0.44	5,484 1,232.6 0.44
	Sulphide – Dump Leach					—	—	—	17 6.8 0.25
PLATINUM ⁽⁴⁾ OPERATIONS (See pages 21 & 23 in R&R Report for details)				Ownership %	Mining Method	Contained Metal (4E Moz)	Tonnes (Mt)	Grade (4E g/t)	
Amandelbult Complex	MR & UG2 Reefs & Tailings			78.0	UG	55.9	354.2	4.91	23.3 115.9 6.25
Mogalakwena	Platreef			78.0	OP	117.7	1,596.8	2.29	33.8 596.0 1.76
Mototolo	UG2 Reef			78.0	UG	1.8	14.0	4.03	— — —
Twickenham	MR & UG2 Reefs			78.0	UG	60.7	335.7	5.62	56.0 313.9 5.55
Unki	Main Sulphide Zone			78.0	UG	16.5	120.2	4.28	6.5 47.8 4.22
Non-Managed	MR & UG2 Reefs			38.5	UG	120.6	688.0	5.45	99.6 602.1 5.14
KUMBA IRON ORE OPERATIONS (See page 24 in R&R Report for details)				Ownership %	Mining Method		Tonnes (Mt)	Grade (%Fe)	
Kolomela	Hematite (<i>in situ</i> & stockpile)			53.2	OP		116.2	62.4	33.7 63.2
Sishen	Hematite (<i>in situ</i> & stockpile)			53.2	OP		395.8	54.6	24.5 52.2
IRON ORE BRAZIL OPERATIONS (See page 26 in R&R Report for details)				Ownership %	Mining Method		Tonnes ⁽⁵⁾ (Mt)	Grade ⁽⁵⁾ (%Fe)	
Serra do Sapo	Friable Itabirite and Hematite			100	OP		282.2	32.0	85.4 36.4
	Itabirite						1,255.5	30.8	544.6 31.1

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 (m²) = thousand square metres.Diamond Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square metre (cpm²).

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

Estimated Mineral Resources continued			Total Measured & Indicated				Total Inferred ⁽²⁾		
COAL OPERATIONS – Australia (See page 29 in R&R Report for details)		Ownership %	Mining Method	MTIS ⁽⁶⁾ (Mt)	Coal Quality (kcal/kg)	MTIS ⁽⁶⁾ (Mt)	Coal Quality (kcal/kg)		
Capcoal (OC)*		78.2	OC	144.8	6,940	175.7	6,810		
Capcoal (UG)*		70.0	UG	81.1	6,810	5.6	6,550		
Dawson		51.0	OC	757.1	6,710	455.8	6,760		
Grosvenor		100	UG	248.4	6,470	68.1	6,320		
Moranbah North		88.0	UG	138.5	6,680	60.2	6,530		
COAL OPERATIONS – Colombia (See page 29 in R&R Report for details)		Ownership %	Mining Method	MTIS ⁽⁶⁾ (Mt)	Coal Quality (kcal/kg)	MTIS ⁽⁶⁾ (Mt)	Coal Quality (kcal/kg)		
Cerrejón		33.3	OC	4,156.3	6,560	633.7	6,360		
COAL OPERATIONS – South Africa (See pages 30 & 31 in R&R Report for details)		Ownership %	Mining Method	MTIS ⁽⁶⁾ (Mt)	Coal Quality (kcal/kg)	MTIS ⁽⁶⁾ (Mt)	Coal Quality (kcal/kg)		
Goedehoop		100	UG	227.5	5,330	6.0	4,710		
Greenside		100	UG	10.3	5,610	0.2	5,590		
Greenside – MRD			n/a	2.9	3,860	—	—		
Isibonelo		100	UG	23.6	5,250	—	—		
Kleinkopje*		100	OC	2.1	6,250	3.1	5,740		
Kleinkopje – MRD*			n/a	2.4	2,700	—	—		
Landau*		100	OC	50.9	5,020	5.9	6,320		
Landau – MRD*			n/a	22.4	2,580	—	—		
Mafube		50.0	OC	70.7	5,080	—	—		
Rietvlei		34.0	OC	21.2	5,020	—	—		
Zibulo		73.0	UG&OC	423.5	4,900	163.1	4,730		
NICKEL OPERATIONS (See page 34 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	76	6.3	1.21	206	16.3	1.27
	Ferruginous Laterite			49	4.1	1.21	56	4.7	1.20
Niquelândia		100	OP	30	2.3	1.29	—	—	—
SAMANCOR MANGANESE OPERATIONS (See page 36 in R&R Report for details)		Ownership %	Mining Method	Tonnes (Mt)	Grade (%Mn)	Tonnes (Mt)	Grade (%Mn)		
GEMCO ⁽⁷⁾⁽⁸⁾	ROM	40.0	OP	124	44.1	22	39.9		
	Sands			8.1	20.8	2.3	20.0		
Mamatwan ⁽⁷⁾		29.6	OP	84	34.8	0.5	37.4		
Wessels ⁽⁷⁾		29.6	UG	136	42.5	7.7	44.1		

Operations = Mines in steady-state or projects in ramp-up phase. MRD = Mineral Residue Deposit. Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut.

* Capcoal comprises opencast operations at Lake Lindsay and Oak Park, with an underground longwall operation at Grasreef.

* Kleinkopje and Landau operate under an integrated management structure, forming Khwezela Colliery.

⁽¹⁾ Estimated Mineral Resources are presented on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves unless otherwise stated. Please refer to the detailed Mineral Resource estimates tables in the Anglo American plc Ore Reserves and Mineral Resources Report for the detailed 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). The figures reported represent 100% of the Mineral Resources. Anglo American plc ownership is stated separately. Rounding of figures may cause computational discrepancies.

⁽²⁾ Total Inferred is the sum of 'Inferred (in LOM Plan)', the Inferred Resources within the scheduled Life of Mine Plan (LOM Plan) and 'Inferred (ex. LOM Plan)', the portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the Life of Mine Plan (LOM Plan) as relevant. Due to the uncertainty attached to Inferred Resources, it cannot be assumed that all or part of an Inferred 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 1.00mm and 3.00mm (nominal square mesh). Specific BCO's applied to derive estimates are included in the detailed Diamond Resource tables in the Anglo American plc Ore Reserves and Mineral Resources Report.

⁽⁴⁾ Details of the individual Anglo American Platinum Limited Managed and Non-Managed operations appear in the Anglo American plc Ore Reserves and Mineral Resources Report. Ownership percentage for Non-Managed is weighted by Contained Metal (4E Moz) contributions from each operation. Merensky Reef, UG2 Reef and Main Sulphide Zone Mineral Resources are estimated over a 'Resource Cut' which takes cognisance of the mining method, potential economic viability and geotechnical aspects in the hangingwall or footwall of the reef.

⁽⁵⁾ Iron Ore Brazil Mineral Resource tonnes and grade are reported on a dry basis.

⁽⁶⁾ Coal Resources are quoted on a Mineable Tonnes *In Situ* (MTIS) basis in million tonnes, which are in addition to those Coal Resources that have been modified to produce the reported Coal Reserves. Coal Resources are reported on an *in situ* moisture basis. The coal quality for Coal Resources is quoted on an *in situ* heat content as kilocalories per kilogram (kcal/kg), representing Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

⁽⁷⁾ Manganese Mineral Resources are quoted on an inclusive basis and must not be added to the Ore Reserves.

⁽⁸⁾ GEMCO ROM Mineral Resource tonnes are stated as *in situ*, manganese grades are given as per washed ore samples and should be read together with their respective mass yields, ROM: 49%. 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, venous 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; third-party potable water; and third-party non-potable water, and is measured in million m³.

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 (CO₂e) 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 CO₂e 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 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 cash donations, contributions in kind, employees' working hours spent on charity projects during work hours, and the cost of initiatives designed to inform communities about community-benefit initiatives (e.g. the production of reports that are issued to communities for the purpose of reporting progress). 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.

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 dependants, 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 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 created/sustained through enterprise development initiatives in Chile

In Chile, Anglo American supports jobs through training and mentoring programmes. On an annual basis, we report the number of entrepreneurs who have been provided support through our local partner, TechnoServe. The associated programmes are engaged in ongoing monitoring and data is reported at the end of the reporting period.

Businesses supported through enterprise development initiatives in South Africa

Anglo American supports a range of entrepreneurs and small and medium enterprises in South Africa through the issuance of micro-finance loans. Businesses supported are enterprises for which funding has been approved and made available by the Zimele investment committee in the reporting year.

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. Local procurement strategies articulate the value to Anglo American and local communities.

The measurement of local procurement varies between operations, and is informed by a combination of development outcomes and legal requirements. Local 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 2019, this new definition was rolled out in South Africa and will be rolled out in the rest of the world in 2020. This process means that our 2019 reporting numbers are not comparable to 2018. We expect to harmonise the data in 2020.

⁽¹⁾ Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2018 and 2019, data excludes results from De Beers' joint operations in Namibia and Botswana. Prior years' data includes results from De Beers' joint operations in Namibia and Botswana. See Anglo American plc Sustainability Report 2019 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 2018 with the exception of the new accounting pronouncements disclosed in note 38.
- **Non-financial APMs:** These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.

APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, the APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies.

APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Purpose

The Group uses APMs to improve the comparability of information between reporting periods and business units, either by adjusting for uncontrollable factors or special items which impact upon IFRS measures or, by aggregating measures, to aid the user of the Annual Report in understanding the activity taking place across the Group's portfolio.

Their use is driven by characteristics particularly visible in the mining sector:

1. **Earnings volatility:** The Group mines and markets commodities and precious metals and minerals. The sector is characterised by significant volatility in earnings driven by movements in macroeconomic 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 cashflow prior to growth capital expenditure. The measures are also used in discussions with the investment analyst community and credit rating agencies.

Financial APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Income statement			
Group revenue	Revenue	• Revenue from associates and joint ventures	• Exclude the effect of different basis of consolidation to aid comparability
Underlying EBIT	Profit/(loss) before net finance income/(costs) and tax	• Operating and non-operating special items and remeasurements • Underlying EBIT from associates and joint ventures	• Exclude the impact of certain items due to their size and nature to aid comparability • Exclude the effect of different basis of consolidation to aid comparability
Underlying EBITDA	Profit/(loss) before net finance income/(costs) and tax	• Operating and non-operating special items and remeasurements • Depreciation and amortisation • Underlying EBITDA from associates and joint ventures	• Exclude the impact of certain items due to their size and nature to aid comparability • Exclude the effect of different basis of consolidation to aid comparability
Underlying earnings	Profit/(loss) for the financial year attributable to equity shareholders of the Company	• Special items and remeasurements	• Exclude the impact of certain items due to their size and nature to aid comparability
Underlying effective tax rate	Income tax expense	• Tax related to special items and remeasurements • The Group's share of associates' and joint ventures' profit before tax, before special items and remeasurements, and tax expense, before special items and remeasurements	• Exclude the impact of certain items due to their size and nature to aid comparability • Exclude the effect of different basis of consolidation to aid comparability
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	• Revenue from associates and joint ventures • Operating and non-operating special items and remeasurements • Underlying EBIT from associates and joint ventures • Adjustment to Debswana to reflect as a 50/50 joint operation • Exclusion of third-party sales, purchases and trading activity	• Exclude non-mining revenue and EBITDA to show a margin for mining operations only which provides a relevant comparison to peers

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Balance sheet			
Net debt	Borrowings less cash and related hedges	• Debit valuation adjustment	• Exclude the impact of accounting adjustments from the net debt obligation of the Group
Attributable ROCE	No direct equivalent	• Non-controlling interests' share of capital employed and underlying EBIT • Average of opening and closing attributable capital employed	• Exclude the effect of different basis of consolidation to aid comparability
Cash flow			
Capital expenditure (capex)	Expenditure on property, plant and equipment	• Cash flows from derivatives related to capital expenditure • Proceeds from disposal of property, plant and equipment • Direct funding for capital expenditure from non-controlling interests • Reimbursement of capital expenditure	• To reflect the net attributable cost of capital expenditure taking into account economic hedges
Attributable free cash flow	Cash flows from operations	• Capital expenditure • Cash tax paid • Dividends from associates, joint ventures and financial asset investments • Net interest paid • Dividends to non-controlling interests • Capital repayment of lease obligations	• 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

Group revenue

Group revenue includes the Group's attributable share of associates' and joint ventures' revenue. A reconciliation to 'Revenue', the closest equivalent IFRS measure to Group revenue, is provided within note 2 to the Consolidated financial statements.

Underlying EBIT

Underlying EBIT is 'Operating profit/(loss)' presented before special items and remeasurements⁽¹⁾ and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of associates' and joint ventures' revenue less operating costs before special items and remeasurements⁽¹⁾ of associates and joint ventures.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT, is provided within note 2 to the Consolidated financial statements.

Underlying EBITDA

Underlying EBITDA is underlying EBIT before depreciation and amortisation and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 2 to the Consolidated financial statements.

Underlying earnings

Underlying earnings is 'Profit/(loss) for the financial year attributable to equity shareholders of the Company' before special items and remeasurements⁽¹⁾ and is therefore presented after net finance costs, income tax expense and non-controlling interests.

A reconciliation to 'Profit/(loss) for the financial year attributable to equity shareholders of the Company', the closest equivalent IFRS measure to underlying earnings, is provided within note 2 to the Consolidated financial statements.

Underlying effective tax rate

The underlying effective tax rate equates to the income tax expense, before special items and remeasurements⁽¹⁾ and including the Group's share of associates' and joint ventures' tax before special items and remeasurements⁽¹⁾, divided by profit before tax before special items and remeasurements⁽¹⁾ and including the Group's share of associates' and joint ventures' profit before tax before special items and remeasurements⁽¹⁾.

A reconciliation to 'Income tax expense', the closest equivalent IFRS measure to underlying effective tax rate, is provided within note 5 to the Consolidated financial statements.

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)	2019	2018
Underlying EBITDA	10,006	9,161
Group Revenue	31,825	30,196
Margin	31%	30%
Adjustments for:		
Debswana adjustment to reflect as a 50/50 joint operation	2%	5%
Exclude third-party purchases, trading activity and processing ⁽¹⁾	9%	6%
Mining EBITDA margin⁽²⁾	42%	42%

⁽¹⁾ Third-party purchases, trading activity and processing consists of Platinum Group Metals' purchase of concentrate, third-party sales and purchases and the impact of third-party trading activity.

⁽²⁾ Percentages are presented to the nearest whole number.

Net debt

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt, see note 22, before taking into account the effect of debit valuation adjustments explained in note 20). A reconciliation to the Consolidated balance sheet is provided within note 20 to the Consolidated financial statements.

Capital expenditure (capex)

Capital expenditure is defined as cash expenditure on property, plant and equipment, including related derivatives, and is presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests and reimbursement of capital expenditure in order to match more closely the way in which it is managed. A reconciliation to 'Expenditure on property, plant and equipment', the closest equivalent IFRS measure to capital expenditure, is provided within note 12 to the Consolidated financial statements.

Operating cash flows generated by operations that have not yet reached commercial production are also included in capital expenditure. However, capital expenditure is also periodically shown on an underlying basis i.e. before inclusion of capitalised operating cash flows. Where this occurs, the measure is footnoted as such.

⁽¹⁾ Special items and remeasurements are defined in note 8 to the Consolidated financial statements.

Sustaining capital

Sustaining capital is calculated as capital expenditure excluding capitalised operating cash flows and growth projects. Expenditure on growth projects in 2019 principally related to Quellaveco and construction of a greenfield synthetic diamond plant in Oregon (De Beers) (2018: Quellaveco and the acquisition of Peregrine Diamonds). The Group uses sustaining capital as a measure to provide additional information to understand the capital needed to sustain the current production base of existing assets.

Attributable return on capital employed (ROCE)

ROCE is a ratio that measures the efficiency and profitability of a company's capital investments. Attributable ROCE displays how effectively assets are generating profit on invested capital for the equity shareholders of the Company. It is calculated as attributable underlying EBIT divided by average attributable capital employed.

Attributable underlying EBIT excludes the underlying EBIT of non-controlling interests.

Capital employed is defined as net assets excluding net debt and financial asset investments. Attributable capital employed excludes capital employed of non-controlling interests. Average attributable capital employed is calculated by adding the opening and closing attributable capital employed for the relevant period and dividing by two.

Attributable ROCE is also used as an incentive measure in executives' remuneration and is predicated upon the achievement of ROCE targets in the final year of a three year performance period. It is one of the performance measures used in LTIP 17 and LTIP 18 and is proposed to be used in LTIP 19.

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 %	
		2019	2018
De Beers		2	8
Copper		16	22
Platinum Group Metals		38	15
Iron Ore		31	3
Coal		26	67
Nickel and Manganese		20	28
Corporate and other		n/a	n/a
		19	19

		2019						
		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	Average attributable capital employed
US\$ million								
De Beers		168	(26)	142	7,164	8,800	(1,234)	7,365
Copper		960	(203)	757	4,334	8,238	(2,838)	4,867
Platinum Group Metals		1,672	(371)	1,301	3,416	4,045	(640)	3,411
Iron Ore		2,952	(933)	2,019	5,799	8,363	(1,202)	6,480
Coal		1,010	(2)	1,008	4,066	3,787	(66)	3,894
Nickel and Manganese		477	(6)	471	2,390	2,305	—	2,348
Corporate and other		(229)	10	(219)	(51)	38	—	(8)
		7,010	(1,531)	5,479	27,118	35,576	(5,980)	28,357

		2018						
		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	Average attributable capital employed
US\$ million								
De Beers		694	(104)	590	7,970	8,349	(1,185)	7,567
Copper		1,234	(303)	931	4,159	6,463	(2,129)	4,247
Platinum Group Metals		705	(176)	529	3,841	4,058	(642)	3,628
Iron Ore		747	(568)	179	6,345	6,929	(1,130)	6,072
Coal		2,538	(60)	2,478	3,287	4,131	(65)	3,677
Nickel and Manganese		685	(11)	674	2,364	2,390	—	2,377
Corporate and other		(226)	—	(226)	(241)	(51)	—	(146)
		6,377	(1,222)	5,155	27,725	32,269	(5,151)	27,422

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 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 54 of the Group Financial Review.

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, all volumes relating to domestic sales are excluded, as are sales from non-mining activities. Volume from projects in pre-commercial production are included.

Unit cost

Unit cost is the direct cash cost including direct cash support costs incurred in producing one unit of saleable production.

For bulk products (coal, iron ore), 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 platinum 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 platinum 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 platinum 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 2019 with 2018, the sales volume and cash cost variances exclude the impact of price, foreign exchange and CPI and are hence in real 2018 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⁾

	2019	2018
De Beers		
Carats recovered ('000 carats) 100% basis (unless otherwise stated)		
Jwaneng	12,462	11,896
Orapa ⁽²⁾	10,792	12,236
Botswana	23,254	24,132
Debmarmine Namibia	1,292	1,436
Namdeb (land operations)	408	572
Namibia	1,700	2,008
Venetia	1,922	4,249
Voorspoed	—	433
South Africa	1,922	4,682
Gahcho Kué (51% basis)	3,479	3,539
Victor	421	936
Canada	3,900	4,475
Total carats recovered	30,776	35,297
Sales volumes		
Total sales volume (100%) (Mct) ⁽³⁾	30.9	33.7
Consolidated sales volume (Mct) ⁽³⁾	29.2	31.7
Number of Sights (sales cycles)	10	10
Copper (tonnes) on a contained metal basis unless stated otherwise⁽⁴⁾		
Collahuasi 100% basis (Anglo American share 44%)		
Ore mined	87,253,200	51,886,400
Ore processed – Sulphide	54,133,100	49,470,500
Ore grade processed – Sulphide (% TCu) ⁽⁵⁾	1.19	1.29
Production – Copper in concentrate	565,400	559,100
Total copper production for Collahuasi	565,400	559,100
Anglo American's share of copper production for Collahuasi ⁽⁶⁾	248,800	246,000
Anglo American Sur ⁽⁷⁾	389,200	422,200
Los Bronces mine⁽⁷⁾	335,000	369,500
Ore mined	65,915,300	59,207,400
Ore processed – Sulphide	42,008,400	50,583,000
Ore grade processed – Sulphide (% TCu) ⁽⁵⁾	0.83	0.76
Production – Copper cathode	39,000	39,000
Production – Copper in concentrate	296,000	330,500
El Soldado mine⁽⁷⁾	54,200	52,700
Ore mined	12,128,100	11,613,200
Ore processed – Sulphide	7,438,500	7,598,200
Ore grade processed – Sulphide (% TCu) ⁽⁵⁾	0.93	0.85
Production – Copper in concentrate	54,200	52,700
Chagres Smelter⁽⁷⁾		
Ore smelted	122,000	142,600
Production	118,600	139,200
Total copper production⁽⁸⁾	638,000	668,300
Total payable copper production	614,300	644,500
Total sales volumes	643,900	671,600
Total payable sales volumes	619,500	647,700
Third party sales⁽⁹⁾	349,000	178,400

See page 234 for footnotes.

	2019	2018
Platinum		
Produced platinum ('000 troy oz)	2,050.6	2,020.5
Own-mined	1,378.2	1,323.6
Mogalakwena	517.5	495.1
Amandelbult	453.6	442.7
Unki	89.4	85.9
Mototolo ⁽¹⁰⁾	112.0	17.5
Joint operations ⁽¹⁰⁾	205.7	270.8
Union and other	—	11.6
Purchase of concentrate	672.4	696.9
Joint operations ⁽¹⁰⁾	205.7	270.8
Associates ⁽¹¹⁾	—	220.2
Third party purchase of concentrate	466.7	205.9
Purchase of concentrate now under tolling arrangements	—	464.2
Palladium		
Produced palladium ('000 troy oz)	1,385.9	1,379.0
Own-mined	1,049.2	1,013.5
Mogalakwena	557.9	540.9
Amandelbult	208.9	205.1
Unki	79.2	75.5
Mototolo ⁽¹⁰⁾	68.7	10.9
Joint operations ⁽¹⁰⁾	134.5	176.0
Union and other	—	5.2
Purchase of concentrate	336.7	365.5
Joint operations ⁽¹⁰⁾	134.5	175.9
Associates ⁽¹¹⁾	—	90.2
Third party purchase of concentrate	202.2	99.4
Purchase of concentrate now under tolling arrangements	—	231.8
Refined production		
Platinum ('000 troy oz)	2,210.9	2,402.4
Palladium ('000 troy oz)	1,480.5	1,501.8
Rhodium ('000 troy oz)	293.4	292.8
Gold ('000 troy oz)	105.6	105.5
Nickel (tonnes)	23,000	23,100
Copper (tonnes)	14,200	14,300
4E Head grade (g/tonne milled) ⁽¹²⁾	3.61	3.48
Platinum sales volumes – own-mined and purchase of concentrate⁽¹³⁾	2,215.1	2,424.2
Palladium sales volumes – own-mined and purchase of concentrate⁽¹³⁾	1,520.7	1,513.1
Iron Ore production by product (tonnes)		
Kumba Iron Ore	42,387,700	43,105,700
Lump	28,510,100	29,171,500
Fines	13,877,600	13,934,200
Iron Ore production by mine (tonnes)		
Sishen	29,174,400	29,246,000
Kolomela	13,213,300	13,859,700
Kumba sales volumes		
Export iron ore ⁽¹⁴⁾	39,793,500	39,965,700
Domestic iron ore	2,180,200	3,291,100
Minas-Rio production		
Pellet feed (wet basis)	23,114,900	3,382,000
Minas-Rio sales volumes		
Export – pellet feed (wet basis)	22,927,000	3,216,800
Coal production by product (tonnes)		
Metallurgical Coal⁽¹⁵⁾	24,262,900	23,211,700
Metallurgical – Export Coking	18,957,100	18,798,400
Metallurgical – Export PCI	3,895,100	3,032,000
Thermal – Export	1,410,700	1,381,300
South Africa	27,841,500	32,050,900
Thermal – Export ⁽¹⁶⁾	17,795,600	18,358,600
Thermal – Domestic (Other) ⁽¹⁷⁾	6,044,200	6,268,900
Thermal – Domestic (Eskom) ⁽¹⁸⁾	—	2,825,600
Thermal – Domestic (Isibonelo)	4,001,700	4,597,800
Cerrejón		
Thermal – Export	8,586,100	10,219,900
Total coal production	60,690,500	65,482,500

See page 234 for footnotes.

	2019	2018
Coal production by mine (tonnes)		
Metallurgical Coal⁽¹⁵⁾	24,262,900	23,211,700
Capcoal (incl. Grasstree)	6,264,200	5,926,800
Dawson	3,907,500	3,379,500
Grosvenor	4,721,900	3,763,500
Jellinbah	3,220,900	3,379,900
Moranbah North	6,148,400	6,762,000
South Africa	27,841,500	32,050,900
Goedehoop	6,066,300	5,441,600
Greenside	4,845,900	4,451,700
Zibulo	5,359,300	6,376,800
Khwezela ⁽¹⁹⁾	5,760,800	5,532,100
Mafube	1,807,500	1,144,600
Other ⁽¹⁷⁾	—	1,680,700
Eskom tied operations ⁽¹⁸⁾	—	2,825,600
Isibonelo	4,001,700	4,597,800
Cerrejón	8,586,100	10,219,900
Carbones del Cerrejón	8,586,100	10,219,900
Total coal production	60,690,500	65,482,500
Coal sales volumes (tonnes)		
Metallurgical Coal		
Metallurgical – Export ⁽²⁰⁾	22,380,600	21,982,800
Thermal – Export	1,807,600	1,565,300
South Africa		
Thermal – Export ⁽¹⁶⁾	18,148,400	18,306,600
Thermal – Domestic (Other) ⁽¹⁷⁾	5,279,000	5,698,600
Thermal – Domestic (Eskom) ⁽¹⁸⁾	—	2,825,600
Thermal – Domestic (Isibonelo)	4,488,500	4,586,600
Third party sales	10,920,200	9,503,500
Cerrejón		
Thermal – Export	8,773,800	10,129,400
Nickel and Manganese (tonnes) unless stated otherwise⁽²¹⁾		
Barro Alto		
Ore mined	4,075,600	4,667,200
Ore processed	2,265,700	2,264,200
Ore grade processed – %Ni	1.69	1.71
Production	33,900	33,500
Codemin		
Ore mined	40,300	8,400
Ore processed	570,500	581,400
Ore grade processed – %Ni	1.65	1.66
Production	8,700	8,800
Total Nickel segment nickel production	42,600	42,300
Sales volumes	41,700	43,100
Samancor		
Manganese ore ⁽²²⁾	3,513,400	3,606,500
Manganese alloys ⁽²²⁾⁽²³⁾	137,200	156,800
Samancor sales volumes		
Manganese ore	3,610,600	3,534,500
Manganese alloys	132,500	161,100
Total Manganese production⁽²⁴⁾	3,650,600	3,763,300
Sales volumes⁽²⁴⁾	3,743,100	3,695,600

⁽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).

⁽⁴⁾ Excludes copper production from the Platinum Group Metals business unit.

⁽⁵⁾ TCu = total copper.

⁽⁶⁾ Anglo American's share of Collahuasi production is 44%.

⁽⁷⁾ Anglo American ownership interest of Anglo American Sur is 50.1%. Production is stated at 100% as Anglo American consolidates Anglo American Sur.

⁽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⁾ 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'. Mototolo is 100% owned from 1 November 2018.

⁽¹¹⁾ Associates are PGM's 33% interest in BRPM until its sale effective 11 December 2018.

⁽¹²⁾ 4E: the grade measured as the combined content of: platinum, palladium, rhodium and gold, excludes tolled material.

⁽¹³⁾ Sales from own mined and purchased concentrate, excludes refined metal purchased from third parties.

⁽¹⁴⁾ Sales volumes differ to Kumba's standalone Q4 results due to sales to other Group companies.

⁽¹⁵⁾ Includes Thermal – Export production from Australia.

⁽¹⁶⁾ Thermal export – Includes export primary production, secondary production sold into export markets, production sold domestically at export parity pricing and pre-commercial production volumes from Navigation section of Khwezela.

⁽¹⁷⁾ Thermal domestic – Other is product sold domestically excluding Eskom-tied and Isibonelo production.

⁽¹⁸⁾ The sale of the Eskom-tied operations was completed on 1 March 2018.

⁽¹⁹⁾ Includes pre-commercial production volumes from Navigation section.

⁽²⁰⁾ Includes both hard coking coal and PCI sales volumes.

⁽²¹⁾ Excludes nickel production from the Platinum Group Metals business unit.

⁽²²⁾ Saleable production.

⁽²³⁾ Production includes medium carbon ferro-manganese.

⁽²⁴⁾ Production and sales includes ore and alloy.

QUARTERLY PRODUCTION STATISTICS

					Quarter ended	% Change (Quarter ended)	
	31 December 2019	30 September 2019	30 June 2019	31 March 2019	31 December 2018	31 December 2019 v 30 September 2019	31 December 2019 v 30 December 2018
De Beers							
Carats recovered ('000 carats)							
100% basis ⁽¹⁾							
Diamonds	7,787	7,439	7,699	7,852	9,128	5%	(15)%
Copper (tonnes) ⁽²⁾⁽³⁾	158,800	158,900	159,100	161,100	183,500	0%	(13)%
Produced ounces platinum ('000 troy oz) ⁽⁴⁾	531.7	526.8	520.3	471.9	485.4	1%	10%
Produced ounces palladium ('000 troy oz) ⁽⁴⁾	360.4	351.8	347.2	326.6	328.5	2%	10%
Platinum refined production ⁽⁴⁾							
Platinum ('000 troy oz)	629.7	578.6	590.9	411.7	770.9	9%	(18)%
Palladium ('000 troy oz)	396.6	362.1	428.2	293.6	493.8	10%	(20)%
Rhodium ('000 troy oz)	90.8	66.5	84.1	52.0	91.3	37%	(1)%
Gold ('000 troy oz)	32.4	27.9	21.3	24.0	27.9	16%	16%
Nickel refined (tonnes)	6,400	6,800	5,600	4,200	6,700	(6)%	(4)%
Copper refined (tonnes)	4,100	3,400	3,500	3,200	4,200	21%	(2)%
Iron Ore (tonnes)							
Iron ore – Kumba	11,806,100	10,521,300	10,544,000	9,516,300	10,170,200	12%	16%
Iron ore – Minas-Rio	6,163,600	6,126,100	5,915,500	4,909,700	226,700	1%	n/a
Coal (tonnes)							
Australia							
Metallurgical – Export	6,283,600	6,568,900	5,843,500	4,156,200	5,647,100	(4)%	11%
Thermal – Export	389,200	437,900	245,200	338,500	427,600	(11)%	(9)%
South Africa							
Thermal export ⁽⁵⁾	4,515,100	4,288,400	4,575,000	4,417,000	4,537,100	5%	—
Thermal domestic – Other ⁽⁶⁾	1,764,900	1,568,000	1,592,000	1,119,200	1,923,600	13%	(8)%
Thermal domestic – Isibonelo	745,900	1,053,300	1,031,600	1,171,000	1,368,900	(29)%	(46)%
Cerrejón							
Thermal – Export	2,314,900	2,055,100	2,016,900	2,199,300	2,356,500	13%	(2)%
Nickel and Manganese (tonnes)							
Nickel ⁽⁷⁾	11,700	11,300	9,800	9,800	11,400	4%	3%
Manganese ore ⁽⁸⁾	902,900	910,400	826,100	874,000	971,900	(1)%	(7)%
Manganese alloys ⁽⁸⁾⁽⁹⁾	31,600	29,200	41,200	35,200	38,000	8%	(17)%

⁽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.

⁽⁴⁾ Production excluding volumes previously purchased as concentrate which have transitioned to a tolling arrangement.

⁽⁵⁾ Thermal export – Includes export primary production, secondary production sold into export markets and production sold domestically at export parity pricing.

⁽⁶⁾ Thermal domestic – Other is product sold domestically excluding Isibonelo production. The sale of the Eskom-tied operations was completed on 1 March 2018.

⁽⁷⁾ Excludes nickel production from the Platinum Group Metals business unit.

⁽⁸⁾ Saleable production.

⁽⁹⁾ Production includes medium carbon ferro-manganese.

NON-FINANCIAL DATA

	2019	2018	2017	2016	2015
Anglo American plc data					
Safety⁽¹⁾					
Work-related fatalities	4	5	9	11	6
Fatal-injury frequency rate (FIFR) ⁽²⁾	0.017	0.024	0.035	0.038	0.018
Total recordable case frequency rate (TRCFR) ⁽²⁾	2.21	2.66	3.17	3.55	4.66
Lost-time injury frequency rate (LTIFR) ⁽²⁾	1.36	1.63	1.68	1.87	2.35
Occupational health⁽¹⁾					
New cases of occupational disease (NCOD) ⁽²⁾	39	101	96	111	159
Environment⁽¹⁾					
Total greenhouse gas (GHG) emissions (Mt CO ₂ e)	17.7	16.2	18.0	17.9	18.3
Total energy consumed (million GJ) ⁽²⁾	87	84	97	106	106
Total water withdrawals (million m ³) ⁽²⁾	209	227	306	296	339
People⁽³⁾					
Number of employees ('000) ⁽⁴⁾	63	64	69	80	91
Women in senior management (%) ⁽⁵⁾	24	21	18	15	n/a
Historically Disadvantaged South Africans in management (%) ⁽⁶⁾	65	65	66	62	60
Resignations (%) ⁽⁷⁾	2.3	2.4	2.3	2.2	1.9
Redundancies (%) ⁽⁸⁾	1.2	0.7	0.7	7.1	3.5
Dismissals (%) ⁽⁹⁾	1.2	1.2	1.4	1.8	1.4
Other reasons for leaving (%) ⁽¹⁰⁾	5.1	5.8	4.0	3.5	4.2
Social					
CSI spend (total in US\$ million) ⁽¹¹⁾	114	82	88	84	124
CSI spend (% of underlying EBIT) ⁽¹¹⁾	2	2	2	3	6
Businesses supported through enterprise development initiatives ⁽¹²⁾	65,548	64,830	64,291	62,447	62,394
Jobs created/maintained through enterprise development programmes ⁽¹²⁾	132,082	125,095	120,812	116,298	110,780
Select Business Unit data					
Safety⁽¹⁾					
Work-related fatalities – De Beers	—	1	—	2	—
Work-related fatalities – Copper Chile	1	—	—	—	—
Work-related fatalities – Copper Peru ⁽¹³⁾	1	n/a	n/a	n/a	n/a
Work-related fatalities – PGMs	—	2	6	7	2
Work-related fatalities – Iron Ore – Kumba	—	—	—	2	—
Work-related fatalities – Iron Ore – IOB	—	—	—	—	1
Work-related fatalities – Coal – Metallurgical Coal	1	—	—	—	1
Work-related fatalities – Coal – Thermal Coal South Africa	1	2	3	—	1
Work-related fatalities – Nickel	—	—	—	—	—
Work-related fatalities – Corporate and Other	—	—	—	—	—
TRCFR – De Beers	3.07	2.48	1.90	2.05	2.63
TRCFR – Copper Chile	1.15	1.03	1.22	3.27	2.57
TRCFR – Copper Peru ⁽¹³⁾	0.91	n/a	n/a	n/a	n/a
TRCFR – PGMs	2.50	3.00	4.52	5.28	7.59
TRCFR – Iron Ore – Kumba	2.06	1.80	3.23	3.90	4.50
TRCFR – Iron Ore – IOB	1.48	2.14	1.30	1.57	2.07
TRCFR – Coal – Metallurgical Coal	6.20	9.04	12.19	5.59	5.79
TRCFR – Coal – Thermal Coal South Africa	1.56	1.87	1.77	1.45	2.34
TRCFR – Nickel	2.75	3.03	1.67	2.43	3.52
TRCFR – Corporate and Other	0.17	1.85	2.53	1.81	1.95

	2019	2018	2017	2016	2015
Environment⁽¹⁾					
GHG emissions – Mt CO ₂ e – De Beers	0.48	0.56	1.85	1.85	2.02
GHG emissions – Mt CO ₂ e – Copper Chile	1.17	1.32	1.23	1.10	1.43
GHG emissions – Mt CO ₂ e – Copper Peru ⁽¹³⁾	0.15	n/a	n/a	n/a	n/a
GHG emissions – Mt CO ₂ e – PGMs	4.44	4.12	4.61	5.58	5.88
GHG emissions – Mt CO ₂ e – Iron Ore – Kumba	1.00	0.96	1.00	0.95	1.20
GHG emissions – Mt CO ₂ e – Iron Ore – IOB	0.20	0.09	0.19	0.17	0.17
GHG emissions – Mt CO ₂ e – Coal – Metallurgical Coal	8.17	6.85	6.37	5.47	5.30
GHG emissions – Mt CO ₂ e – Coal – Thermal Coal South Africa	0.90	1.00	1.45	1.43	1.49
GHG emissions – Mt CO ₂ e – Nickel	1.23	1.21	1.22	1.19	0.65
GHG emissions – Mt CO ₂ e – Corporate and Other	0.01	0.01	0.04	0.03	0.06
Energy consumption – million GJ – De Beers	4.5	5.8	15.7	16.4	17.2
Energy consumption – million GJ – Copper Chile	12.3	13.4	13.1	12.8	15.5
Energy consumption – million GJ – Copper Peru ⁽¹³⁾	2.0	n/a	n/a	n/a	n/a
Energy consumption – million GJ – PGMs	20.1	20.0	21.5	24.6	25.2
Energy consumption – million GJ – Iron Ore – Kumba	8.8	8.9	8.9	8.5	11.1
Energy consumption – million GJ – Iron Ore – IOB	5.1	1.8	4.5	4.2	3.5
Energy consumption – million GJ – Coal – Metallurgical Coal	10.1	9.0	7.6	10.1	12.3
Energy consumption – million GJ – Coal – Thermal Coal South Africa	3.5	4.1	6.0	5.8	5.4
Energy consumption – million GJ – Nickel	20.2	20.0	19.8	20.3	12.5
Energy consumption – million GJ – Corporate and Other	0.1	0.9	0.4	0.4	0.5
Total water withdrawals – million m ³ – De Beers	21.9	42.6	105.6	104.0	123.8
Total water withdrawals – million m ³ – Copper Chile	21.7	29.5	35.0	40.1	39.2
Total water withdrawals – million m ³ – Copper Peru ⁽¹³⁾	0.6	n/a	n/a	n/a	n/a
Total water withdrawals – million m ³ – PGMs	25.1	24.4	26.5	36.4	42.0
Total water withdrawals – million m ³ – Iron Ore – Kumba	33.3	32.2	35.9	34.0	39.6
Total water withdrawals – million m ³ – Iron Ore – IOB	28.8	28.3	28.7	17.4	20.6
Total water withdrawals – million m ³ – Coal – Metallurgical Coal	18.2	23.4	16.9	23.2	26.2
Total water withdrawals – million m ³ – Coal – Thermal Coal South Africa	52.8	38.1	49.5	28.6	29.4
Total water withdrawals – million m ³ – Nickel	6.3	8.0	7.5	5.2	4.6
Total water withdrawals – million m ³ – Corporate and Other	0.4	0.9	0.1	0.2	0.2
People⁽³⁾					
Number of employees – De Beers	9,000	10,000	10,000	9,000	11,000
Number of employees – Copper Chile	4,000	4,000	4,000	4,000	5,000
Number of employees – Copper Peru ⁽¹³⁾	300	n/a	n/a	n/a	n/a
Number of employees – PGMs	31,000	33,000	36,000	45,000	48,000
Number of employees – Iron Ore – Kumba	6,000	6,000	6,000	5,000	8,000
Number of employees – Iron Ore – IOB	3,000	2,000	2,000	2,000	2,000
Number of employees – Coal – Metallurgical Coal	2,000	2,000	1,000	2,000	3,000
Number of employees – Coal – Thermal Coal South Africa	5,000	5,000	8,000	8,000	8,000
Number of employees – Nickel	1,000	1,000	1,000	2,000	2,000
Number of employees – Corporate and Other	2,000	1,000	1,000	3,000	4,000

⁽¹⁾ Data relates to subsidiaries and joint operations over which Anglo American has management control. In 2018 and 2019, data excludes De Beers' joint operations in Namibia and Botswana. Prior years' data includes De Beers' joint operations in Namibia and Botswana. See page 88 of the Anglo American plc Sustainability Report 2019 for the full list of entities within the reporting scope. Divested businesses are included up until the point of divestment.

⁽²⁾ See pages 226-227 for definitions and change in basis of calculation.

⁽³⁾ Excludes Other Mining and Industrial.

⁽⁴⁾ Average number of employees, excluding contractors and associates' and joint ventures' employees, and including a share of employees within joint operations.

⁽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⁾ The number of people who have been retrenched as a percentage of total work force excluding contractors.

⁽⁹⁾ The number of people who have been dismissed or have resigned to avoid dismissal, as a percentage of total work force excluding contractors.

⁽¹⁰⁾ The number of people who left for reasons other than those shown above, for example retirement, ill health and death, as a percentage of total work force excluding contractors.

⁽¹¹⁾ 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 2019 is expenditure relating to Zimele of \$4.2 million (2018: \$2.3 million).

⁽¹²⁾ Figures are presented on a cumulative basis since 2008.

⁽¹³⁾ Comparative data for Quellaveco is not presented as the project only reached a full year of development in 2019.

DISCLOSURES RELATED TO THE RECOMMENDATIONS OF THE TCFD

Anglo American's response to the risks posed by climate change is multi-disciplinary and is covered throughout our reporting suite – from the Integrated Annual Report to climate change: our plans, policies and progress, published in 2017 and revised in 2019.

The table below offers guidance on where to find information relating to each of the TCFD's recommendations.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosures	References
a) Describe the Board's oversight of climate-related risks and opportunities.	<i>Climate change: Our plans, policies and progress (2017)</i> , pages 6-7. <i>Climate change, Integrated Annual Report 2019</i> , pages 96 and 101.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<i>Climate change: Our plans, policies and progress (2017)</i> , page 7. <i>Our Material Matters, Integrated Annual Report 2019</i> , page 13.

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.	<i>CDP Climate Response 2019</i> , question CC2 Risks and opportunities.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<i>Climate change: Our plans, policies and progress (2019)</i> , page 20 <i>CDP Climate Response 2019</i> , question CC2 Risks and opportunities. <i>Sustainability Report 2019</i> , page 48.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<i>We have conducted a qualitative scenario analysis included in: Climate change: Our plans, policies and progress (2017)</i> , pages 12-15. <i>We have undertaken a quantitative scenario analysis. Included in Climate change: Our plans, policies and progress (2019)</i> , pages 10-20.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended disclosures	References
a) Describe the organisation's processes for identifying and assessing climate-related risks.	<i>Climate change: Our plans, policies and progress (2017)</i> , pages 4 and 7. <i>CDP Climate Response 2019</i> , question CC2.2b, processes for identifying and assessing climate-related risks.
b) Describe the organisation's processes for managing climate-related risks.	<i>CDP Climate Response 2019</i> , questions CC2.1, CC2.2, CC2.5 and CC2.6.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<i>Climate change: Our plans, policies and progress (2017)</i> , page 7. <i>CDP Climate Response 2019</i> , questions CC2.1, CC2.2, CC2.5 and CC2.6.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosures	References
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<i>CDP Climate Response 2019</i> , questions CC2.2b, CC2.3a and CC11.3a.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks.	<i>Sustainability Report 2019</i> , page 50 and data table page 89. <i>Integrated Annual Report 2019</i> , pages 34, 44-45 and 237.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<i>Integrated Annual Report 2019</i> , page 32.

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 86-89
- Directors' interests in shares at 31 December 2019 and any changes thereafter, can be found on page 134 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 192
- The Strategic Report on pages 2-83 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 84-138
- Comprehensive details of the Group's approach to financial risk management are given in note 23 to the financial statements on pages 180-182
- The Group's disclosure of its greenhouse gas emissions can be found on page 34
- Details of employee engagement can be found on pages 36-41 and 98.

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 52-55. Further details of our policy on financial risk management are set out in note 23 to the financial statements on pages 180-182. The Group's net debt at 31 December 2019 was \$4.6 billion (2018: \$2.8 billion), representing a gearing level of 13% (2018: 9.0%). Details of borrowings and facilities are set out in note 21 on page 176 and net debt is set out in note 20 on pages 174-175. The directors have considered the Group's cash flow forecasts for the period to the end of March 2021. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Dividends

An interim dividend of 62 US cents per ordinary share was paid on 20 September 2019. The directors are recommending that a final dividend of 47 US cents per ordinary share be paid on 7 May 2020 to ordinary shareholders on the register at the close of business on 13 March 2020, subject to shareholder approval at the AGM to be held on 5 May 2020. This would bring the total dividend in respect of 2019 to \$1.09 per ordinary share. In accordance with the International Financial Reporting Standards (IFRS), the final dividend will be accounted for in the financial statements for the year ended 31 December 2020.

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 2019, together with details of share allotments and issue of treasury shares during the year, is set out in note 24 on page 183.

Significant shareholdings

The Company has been notified of the following significant shareholdings:

Company	Number of shares	Percentage of voting rights
Public Investment Corporation	154,386,011	10.99
BlackRock Inc	84,968,927	6.05
Silchester International Investors LLP	70,110,363	4.99
Genesis Asset Managers LLP	55,426,734	3.95
Tarl Investment Holdings (RF) Proprietary Limited ⁽¹⁾	47,275,613	3.37
Epoch Two Investment Holdings (RF) Proprietary Limited ⁽¹⁾	42,166,686	3.01

⁽¹⁾ Epoch Two Investment Holdings (RF) Proprietary Limited (Epoch 2) and Tarl Investment Holdings (RF) Proprietary Limited (Tarl) are two of the independent companies that have purchased shares as part of Anglo American's 2006 share buyback programme. Epoch 2 and Tarl have waived their right to vote all the shares they hold, or will hold, in Anglo American plc.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by the Group	See note 4, page 156
9.8.4(2)	Unaudited financial information (LR 9.2.18)	None
9.8.4(4)	Long-term incentive scheme only involving a director (LR 9.4.3)	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waivers of future emoluments	None
9.8.4(7)	Non pro rata allotments for cash (issuer)	Treasury shares have been issued pursuant to the exercise of options awarded under shareholder approved schemes
9.8.4(8)	Non pro rata allotments for cash (major subsidiaries)	None
9.8.4(9)	Listed company is a subsidiary of another company	Not applicable
9.8.4(10)	Contracts of significance involving a director	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	Not applicable
9.8.4(12)	Waivers of dividends	See 'Dividends' paragraph on this page
9.8.4(13)	Waivers of future dividends	See 'Dividends' paragraph on this page
9.8.4(14)	Agreement with a controlling shareholding LR 9.2.2AR(2)(a)	Not applicable

Sustainable development

The Sustainability Report 2019 is published on the Group's website on 9 March 2020.

This report focuses on the safety, health, sustainable development and environmental performance of the Group's managed operations, its performance with regard to the Company's Code of Conduct, and the operational dimensions of its social programmes.

Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware, that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Employment and other policies

The Group's key operating businesses are empowered to manage within the context of the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's Code of Conduct. Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- Adherence to national legal standards on employment and workplace rights at all times
- Adherence to the International Labour Organization's core labour rights, including: prohibition of child labour; prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse; recognition of the right of our employees to freedom of association and the promotion of workplace equality; and the elimination of all forms of unfair discrimination
- Continual promotion of safe and healthy working practices
- Provision of opportunities for employees to enhance their work related skills and capabilities
- Adoption of fair and appropriate procedures for determining terms and conditions of employment.

It is the Group's policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. We endeavour to retain the employment of, and arrange suitable retraining, for any employees in the workforce who become disabled during their employment. Where possible we will adjust a person's working environment to enable them to stay in our employment.

The Group promotes an inclusive and diverse environment where every colleague is valued and respected for who they are, and has the opportunity to fulfil their potential. The Group is focused on providing a workplace where everyone can thrive and has introduced a number of Group-wide policies to encourage this. The Group's inclusion and diversity policy reflects its commitment as a signatory to the United Nations Global Compact and is aligned both to the labour rights principles set out in the International Labour Organization core conventions and with the United Nations Sustainable Development Goals. The Group has also introduced a bullying, harassment and victimisation policy which clearly states its zero tolerance to such behaviours along with the agreement for a Group-wide flexible working policy.

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The Anglo American Code of Conduct is supported by an underlying framework of policies and procedures which provide specific guidance to employees on the behaviour required to reinforce the Group's values and uphold the Group's specific commitments to prioritise safety, health and the environment; treat people with care and respect, conduct business with integrity and protect its physical assets and information. The Code of Conduct and accompanying policies can be accessed via the Group's website.

In addition to meeting legal requirements, all Anglo American suppliers must adhere to the Responsible Sourcing Standard for Suppliers, which is available on the Group's website and referenced in contracts.

The Business Integrity Policy and associated 11 Prevention of Corruption Procedures set out the Group's anti-bribery and corruption commitment by clearly stating that the Group will neither give nor accept bribes, nor permit others to do so in its name. The policy sets out the standards of conduct required at every level within Anglo American, including subsidiaries, joint ventures and associates, on the part of those with which the Group does business and those who work on the Group's behalf, in combating corrupt behaviour of all types.

The policy and procedures have been translated into the main languages that are used across the Group's operations. A dedicated team, operating within a broader Risk Management and Business Assurance team oversees the implementation of the Code of Conduct and Business Integrity Policy. They work with senior managers in the business units and corporate functions; and assist with the implementation and monitoring of said procedures, managing and identifying bribery and corruption risks and provide online and face-to-face training for relevant employees, including those in high-risk roles. The internal audit team regularly provide assurance on the effectiveness of the anti-bribery and corruption controls that support adherence to the policy and associated procedures.

The Group's whistleblowing facility, operated by an external service provider was refreshed and rebranded from Speak-Up to YourVoice in 2019. This facility is available to our employees and external stakeholders to confidentially report concerns including business integrity, ethical, legal, supplier relationship, safety and health, and human resources issues.

The Group has a social intranet called Eureka! which helps employees to connect, communicate and collaborate more effectively.

Political donations

No political donations were made during 2019. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Additional information for shareholders

Set out below is a summary of certain provisions of the Company's current Articles and applicable English law concerning companies (the Companies Act) required as a result of the implementation of the Takeover Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may, by ordinary resolution, from time to time declare final dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all, or any part of any dividends or other monies payable in respect of the Company's shares, from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the shares are set out in the Articles.

The Articles may only be changed by a special resolution passed by the shareholders.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting.

A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. Where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

Restrictions on voting

No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting, or to exercise any other right conferred by membership in relation to shareholders' meetings, if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Issue of shares

Subject to the provisions of the Companies Act relating to authority and pre-emption rights and of any resolution of the Company in a UK general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot, grant options over, or otherwise dispose of them to such persons at such times, and on such terms, as they think proper.

Shares in uncertificated form

Any share or class of shares of the Company may be issued or held (including any shares or class of shares held on the South African Branch Register or any other overseas branch register of the members of the Company) on such terms, or in such a way, that: title to it or them is not, or must not be, evidenced by a certificate; or it or they may or must be transferred wholly or partly without a certificate. The directors have power to take such steps as they think fit in relation to: the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares); any records relating to the holding of uncertificated shares; the conversion of certificated shares into uncertificated shares; or the conversion of uncertificated shares into certificated shares. The Company may by notice to the holder of a share require that share: if it is uncertificated, to be converted into certificated form; and if it is certificated, to be converted into uncertificated form, to enable it to be dealt with in accordance with the Articles.

If: the Articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares; and uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument, the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares. The directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it. This may include converting such share to certificated form. Unless the directors resolve otherwise, shares which a member holds in uncertificated form must be treated as separate holdings from any shares which that member holds in certificated form. A class of shares must not be treated as two classes simply because some shares of that class are held in certificated form and others are held in uncertificated form.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding, or representing by proxy, at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Transfer of shares

All transfers of shares that are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by, or on behalf of, the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of shareholders. All transfers of shares registered on the main register of members that are in uncertificated form may be effected by means of the CREST system. All transfers of uncertificated 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 UK Corporate Governance 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 2019, Anglo American had committed bilateral and syndicated borrowing facilities totalling \$9.1 billion with a number of relationship banks which contain change of control clauses. \$6.4 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 30 April 2019, authority was given for the Company to purchase, in the market, up to 210.6 million ordinary shares of 54⁸⁶/₉₁ US cents each. This authority will expire at the 2020 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

On 25 July 2019, the Company announced its intention to return up to \$1 billion to shareholders through an on-market irrevocable and non-discretionary share buyback programme (the "Programme"). The Programme started in July 2019 and is expected to end no later than 31 March 2020. This additional return recognises the resilience of the Company's balance sheet, and the Board's confidence in funding the Company's portfolio of highly attractive near and medium-term growth opportunities. The programme had returned \$0.8 billion to shareholders by 31 December 2019.

Details of the shares repurchased and subsequently cancelled under the Programme during the financial period are set out below. Further details can be found on the Group's website at: www.angloamerican.com/investors/shareholder-information/share-purchase-transactions

Number of ordinary shares of 54 ⁸⁶ / ₉₁ US cents repurchased	Aggregate consideration paid	Average price paid per share inclusive of transaction costs	% of share capital the repurchased shares represented at 31 December 2019
33,862,933	\$779,814,384	\$23.03	2.47%

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
19 February 2020

SHAREHOLDER INFORMATION

Annual General Meeting

This will be held at 14:30 on Tuesday, 5 May 2020, 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
20 Carlton House Terrace
London SW1Y 5AN
England

Telephone: +44 (0) 20 7968 8888
Fax: +44 (0) 20 7968 8500
Registered number: 03564138

www.angloamerican.com
CoSec.Admin@angloamerican.com

On the Investors section of the Group website a whole range of useful information for shareholders can be found, including:

- investor calendar
- share price and tools
- dividend information
- AGM information
- FAQs.

Electronic communication

Shareholders may elect to receive, electronically, notification of the availability on the Company's website of future shareholder correspondence, e.g. Annual Reports and Notices of AGMs.

By registering for this service, UK shareholders can also vote online in respect of future AGMs and access information on their shareholding including, for example, dividend payment history, sales and purchases and indicative share prices. In order to register for these services, UK shareholders should contact the UK Registrars or log on to www.shareview.co.uk and follow the on-screen instructions. It will be necessary to have a shareholder reference number when registering, which is shown on share certificates, dividend tax vouchers and proxy cards.

Dividends

Dividends are declared and paid in US dollars to shareholders with registered addresses in all countries except the UK, eurozone countries and South Africa where they are paid in sterling, euros and South African rand respectively. Shareholders outside South Africa may elect to receive their dividends in US dollars.

Shareholders with bank accounts in the UK or South Africa can have their cash dividends credited directly to their own accounts. Shareholders should contact the relevant Registrar or Transfer Secretary to make use of this facility. South African branch register shareholders would need South African exchange control approval to mandate their dividends to an account outside South Africa.

The Company operates a dividend reinvestment plan (DRIP), which enables shareholders to reinvest their cash dividends into purchasing Anglo American shares. Details of the DRIP and how to join are available from Anglo American's UK Registrars and South African Transfer Secretaries and on the Group's website.

ShareGift

The Company supports ShareGift, the charity share donation scheme administered by The Orr Mackintosh Foundation (registered charity number 1052686). Through ShareGift, shareholders with very small numbers of shares which might be considered uneconomic to sell are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of charities. For those shareholders who wish to use ShareGift, transfer forms are available from the Registrars and further details of the scheme can be found on the website www.sharegift.org.

Share dealing service

Telephone, internet and postal share dealing services have been arranged through Equiniti, providing a simple way for European residents to buy or sell Anglo American shares. For telephone transactions call 0345 603 7037 during normal office hours and for internet dealing log on to www.shareview.co.uk/dealing. You will need your shareholder reference number, found on share certificates, dividend tax vouchers and proxy cards. For further details on the postal dealing service call 0371 384 2026 (or +44 (0) 121 415 7558 from overseas).

Unsolicited mail

Under the Companies Act, the Company is obliged to make the share register available upon request on payment of the appropriate fee. Because of this, some shareholders may receive unsolicited mail. If you wish to limit the receipt of addressed marketing mail you can register with the Mailing Preference Service (MPS). The quickest way to register with the MPS is via the website: www.mpsonline.org.uk. Alternatively you can register by telephone on: 020 7291 3310, or by email to: mps@dma.org.uk, or by writing to MPS Freepost LON20771, London W1E 0ZT.

OTHER ANGLO AMERICAN PUBLICATIONS

- Sustainability Report
- Ore Reserves and Mineral Resources Report
- Tax and Economic Contribution Report
- Transformation Report
- Our Code of Conduct
- The Safety, Health and Environment (SHE) Way
- The Social Way
- The Socio-Economic Assessment Toolbox (SEAT)
- Notice of 2020 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

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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 group-wide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day to day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses.

Forward-looking statements and third-party information

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Anglo American's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserve and Mineral Resource estimates), are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transportation infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as permitting and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in the section of this document titled 'Managing Risk Effectively'. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers (the "Takeover Code"), 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, though these may not necessarily correspond to the views held by Anglo American and Anglo American expressly disclaims any responsibility for, or liability in respect of, such third-party information.

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