

OUR BUSINESS MODEL

The mining industry continues to face considerable external pressures as global economic and political uncertainties prevail. We responded decisively by sustainably improving cash flow generation, materially strengthening our balance sheet through selective asset disposals and actively managing our diversified portfolio to focus on our differentiated asset and product mix.

The high quality assets across our De Beers, platinum group metals (PGMs) and Copper businesses underpin our positions in those respective markets and are the cornerstone of a more resilient and competitive business, through the economic and commodity price cycle. In addition, Anglo American also benefits from the performance of a number of other high quality, individual assets across the bulk commodities and other minerals, including iron ore, coal and nickel, which are optimised operationally to continue to contribute cash and returns, while ensuring appropriate capital investment to both preserve and enhance value. The value from our mineral resources and market positions is optimised by our dedicated Marketing business, driving appropriate commercial decisions across the value chain.

In summary, our ambition is to create a resilient business that delivers robust profitability and sustainable, positive cash flows through the cycle.

We have a clearly defined approach for how we will achieve this:

Vision: To be partners in the future.

It is our belief that Anglo American, and mining as an industry, has both the potential and responsibility to act as a development partner, for the long term benefit of society.

Mission: Together, we create sustainable value that makes a real difference.

We cannot meet our ultimate objective on our own. We will work together with our diverse range of stakeholders to ensure we deliver value on a sustainable basis that makes a positive and lasting difference.

VALUES AT THE CORE

We are creating an organisation where all our people are treated in such a way that they willingly give their best. Acting according to our values – Safety, Care and respect, Integrity, Accountability, Collaboration and Innovation – defines our culture as an organisation, underpinning our reputation and the promise we make to all our stakeholders: Real Mining. Real People. Real Difference.

WHAT MAKES US DIFFERENT: BUILDING STRATEGIC ADVANTAGE

Across De Beers, PGMs and Copper, our assets are characterised by having world class orebodies, competitive industry cost positions, long reserve lives and significant resource potential, offering considerable organic growth opportunities, thereby representing three businesses in which we have leading competitive positions. These are complemented by a number of other high quality, individual assets across iron ore, coal and nickel. Underpinning our uniquely diversified portfolio of differentiated assets is Anglo American's expertise

across a number of core processes – exploration, innovation, project development and sustainability – while our Marketing business optimises value from our resources and market positions. The benefits of a systematically embedded Operating Model and the functional governance structure of the Organisation Model combine to create optimal and sustainable value.

 For more information on our core processes See page 10

DIFFERENTIATED ASSETS IN A UNIQUELY DIVERSIFIED PORTFOLIO:

De Beers

De Beers has a global leadership position in diamonds, producing and selling around one-third of the world's rough diamonds by value. Our major diamond mining assets have large, long life and scalable resource bases and we have well-established partnerships in South Africa and with the governments of Botswana and Namibia.

PGMs

We are the world's leading PGMs producer, with positions in the world's two largest PGM deposits – the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe. We operate the world's highest margin platinum mine at Mogalakwena – a long life, scalable open pit operation that has the potential to lift production significantly as market demand requires.

Copper

Anglo American has a world class position in copper, with the potential to establish a global leadership position built around its interests in two of the world's largest copper mines – Los Bronces and Collahuasi – and its feasibility phase Quellaveco project in southern Peru. The mineral endowments of these assets underpin our organic copper growth opportunities, in addition to a number of future potential projects.

Bulk commodities and other minerals

Anglo American also benefits from a number of other high quality assets across the bulk commodities of iron ore and coal, as well as nickel. These assets are optimised operationally to continue to contribute cash and returns, while being allocated capital to preserve and enhance value, as appropriate.

DISTRIBUTION AND RETAIL

De Beers' leading position is further enhanced by its rough diamond sales operation selling to term customers, accredited buyers and auction sales customers. It also has a presence in the downstream through Forevermark™ and De Beers Diamond Jewellers.

MARKETING

The value from our mineral resources and market positions is optimised by our dedicated Marketing business. Built on direct customer relationships, Marketing creates value across the entire value chain from mine to market through appropriate commercial decisions aligned to our customers' specific requirements – including product specification, volume and timing. In addition, Marketing proactively develops new markets for our products through, for example, investing in new technologies that are expected to drive new sources of demand for PGMs – such as fuel cell electric vehicles – and building consumer awareness in emerging platinum jewellery markets, such as India.

GROUP INPUTS

Financial

Our corporate centre allocates our financial resources where they can be put to work most effectively to deliver optimal financial returns for our shareholders.

Know-how

We link our industry-leading technical and marketing knowledge to ensure we invest our efforts and capital in key leverage points in the 'mine to market' value chain.

Other natural resources

Mining and processing activities have long been major users of water and energy. Our technical and social expertise combines to provide advice and hands-on support to the operations to mitigate our requirements, while also developing new technologies that have the potential to significantly reduce our environmental footprint.

Relationships with our stakeholders

Open and honest engagement with our stakeholders is critical in gaining and maintaining our social and legal licences to operate and, therefore, the sustainability of our business. We engage with a wide range of stakeholders to ensure effective two-way relationships.

Ore Reserves and Mineral Resources

We have an extensive resource base across our businesses and across a wide geographic footprint, providing a suite of options for delivering value over the long term.

Plant and equipment

Our procurement and technical teams form strong relationships with major suppliers to deliver tailored equipment and other solutions to enable best in class operating performance and cost effectiveness.

OUR UNIQUELY DIVERSIFIED PORTFOLIO

- 1 Focus on asset quality and resource potential.
- 2 Leading positions in diamonds, PGMs and copper, complemented by high quality assets in iron ore, coal and nickel.
- 3 Value optimised through dedicated marketing expertise, leveraging global supply/demand dynamics.

HOW WE CREATE SHARED VALUE

Anglo American draws upon a number of key inputs from both its central expertise and the operating businesses that, through expert allocation, development, extraction and marketing, create sustainable value for our shareholders and our diverse range of stakeholders.

People
Our people are the business. We aim to resource the organisation with a capable, engaged and productive workforce and are committed to ensuring no harm comes to any of our people.

RISK AND GOVERNANCE

Our robust system of risk identification, supported by established governance controls, ensures we effectively respond to such risks, while acting ethically and with integrity for the benefit of all our stakeholders.

 For our Principal Risks See pages 41-45



OUR CORE PROCESSES

People
Our simplified organisation model allows our businesses to design structures and roles that provide clear accountability and appropriate authority to get our work done.

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

Innovation Model
Our strengthened in-house technology capability provides world class, innovative solutions across our assets, supporting the delivery of step change operating performance.

OPERATING BUSINESS INPUTS

Financial

Our businesses' strong focus on working capital management, productivity and cost discipline helps to drive sustainable positive cash flows.

Know-how

Our businesses work closely with our Technical function and Marketing business to apply innovative mining methods and technologies to realise even greater value from our resource base, and optimise mine production plans to ensure we provide products to our customers around the world, meeting their specific technical and logistical requirements.

Other natural resources

It is critical that our businesses responsibly manage all the natural resources used in their processes, given the finite nature of the mineral resources, scarcity of water and energy sources at some of our operations, and input cost pressures.

Relationships with our stakeholders

Working within our social performance framework, it is the goal of our operations to build and sustain constructive relationships with our host communities and countries that are based on mutual respect, transparency and trust.

Ore Reserves and Mineral Resources

Our exploration teams work with our businesses to discover mineral deposits in a safe and responsible way to replenish the resources that underpin our future success – both to extend the lives of existing mines and to provide longer term brown- and greenfield options.

Plant and equipment

Our businesses implement local procurement policies that support suppliers based in the host communities close to our operations – making a significant socio-economic contribution and building stronger communities, as well as lowering logistics costs.

Operating Model
The application of our Operating Model drives a more stable, predictable and higher level of operating performance, resulting in improved safety and productivity, and lower costs.

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

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, as well as atmospheric and water emissions, all of which we strive to minimise through our innovative approach.

GROUP PRODUCTION GROWTH⁽¹⁾

2%

CASH FLOWS FROM OPERATIONS

\$5.8 billion

NEW WATER CONSUMPTION

191 million m³

CO₂ EQUIVALENT EMISSIONS

17.8 Mt CO₂e

We will invest in those points in the value chain that provide us with the best return on our investment. From the financial, technical, marketing and other expertise provided from the corporate centre, through our entire value chain from mine to market, it is our people that create the sustainable value that all our stakeholders demand and expect.



Focusing on our core processes to leverage value chain investment to provide competitive advantage

Marketing

The value from our mineral resources and market positions is optimised by our dedicated Marketing business, driving appropriate commercial decisions across the value chain – from mine to market – including working directly to tailor products to our customers' specific needs.

Sustainability model

Integrating sustainability into core business processes has been a longstanding priority for Anglo American. The corporate centre drives the sustainability agenda and offers expert advice, and hands-on support, to operations facing complex sustainability challenges.

Organisation Model

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

OUTCOMES

As a mining company, we create and sustain jobs, help communities to develop new skills, support education, build infrastructure, and help improve healthcare for our employees, their families and the local communities around our mines. It is through our core business activities – employing people, paying taxes to governments and procuring from host communities – that we make the most significant and sustainably positive contribution to our host countries.

TAXES BORNE AND COLLECTED⁽²⁾

\$3.5 billion

WAGES AND BENEFITS PAID

\$3.6 billion

COMMUNITY INVESTMENT SPEND

\$84 million

LOCAL PROCUREMENT SPEND

\$2.0 billion

HOW WE MEASURE THE VALUE WE CREATE

Our seven pillars of value underpin everything we do. Each pillar has defined Key Performance Indicators and targets that we set the business and against which we measure performance, both financial and non-financial.



SAFETY AND HEALTH

To do no harm to our people.

For our KPIs
See page 34



ENVIRONMENT

To minimise our environmental footprint.

For our KPIs
See page 34



SOCIO-POLITICAL

To partner in the benefits of mining with local communities and government.

For our KPIs
See page 34



PEOPLE

Create sustainable competitive advantage through capable people and an effective, performance-driven organisation.

For our KPIs
See page 34



PRODUCTION

To sustainably deliver valuable product to our customers.

For our KPIs
See page 34



COST

To be competitive by operating as efficiently as possible.

For our KPIs
See page 34



FINANCIAL

To deliver sustainable returns to our shareholders.

For our KPIs
See page 34

⁽¹⁾ Pro forma growth in copper equivalent production, excluding disposals.

⁽²⁾ Taxes borne and collected are based on numbers disclosed within the Group's income statement and exclude the impact of certain associates and joint ventures.