

# 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



## 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 FLOW<sup>9</sup>

**\$2.3 bn**

GROUP ATTRIBUTABLE ROCE<sup>9</sup>

**19%**

GROUP PRODUCTION GROWTH

**12%**

Since 2012

TOTAL WATER WITHDRAWALS

**209 Mm<sup>3</sup>**

CO<sub>2</sub> EQUIVALENT EMISSIONS

**17.7 Mt**

## 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