Sustainability Performance Update

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Sustainability Performance

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Welcome, everyone, and thank you for joining us today for our Sustainability Performance Update. For those who don't know me, I'm Anik Michaud and I head up the Corporate Relations and Sustainable Impact function.

Twice-yearly sustainability updates going forward

We last updated you on our sustainability progress in October, and you may have noticed that we are increasing the tempo of these updates to twice a year, as we do with our financials. We absolutely welcome the growing interest from our shareholders and stakeholders alike, not least because sustainability considerations are integrated into every aspect of how we run our business day to day.

As many of you know, we have been sharing our progress on what is now called ESG, for many, many years, going back – well back before I joined Anglo American in 2008. We are delighted with the interest in what we're doing because the only way to have a sustainable business is to understand how all the dots join together, particularly in our industry. So, by updating you twice a year, we hope you can more easily track our progress. And it also gives us the opportunity to do deep dives and share with you specific areas of our work.

So, for today, please bear with us as we have a lot of ground to cover. And I have Mark and Stephen here with me, as well as some of our leads across the breadth of the sustainability work, in case you ask some really hard questions.

Two key words I hope you take away from this presentation: holistic and integrated.

Cautionary Statement

Next slide, please. As Mark has been heard to say, please read this slide carefully, but please also read it on your own time.

Agenda

So, the order of play today. After I've talked a bit about our ongoing response to COVID-19, Mark will give an overview of how we think about sustainability, how we are evolving our Sustainable Mining Plan and our 2020 performance on the metrics we use to run the business.

Mark will then take you through the E of ESG, which is the healthy environment pillar of the Sustainable Mining Plan. Then I'm going to update you on some of our social performance work that is making a real difference to how our stakeholders experience us; that's the S. And Stephen will pick up on the G, again, showing just how ESG is embedded into our various governance systems and processes. And finally, Mark will wrap up before we open for your questions.

Health & Safety Share

'WeCare'

Next slide, please. Okay, for our health and safety share. Of course, I do not need to remind anyone that, sadly, COVID is still very much with us globally, despite the encouraging vaccine progress in some countries. While we can now see how the vaccine gives us a pathway out of the pandemic, it is clear that COVID and its challenges are not going away quickly. You have heard us talk before about our WeCare programme that we put together last year in response to the challenges posed by the pandemic.

Through WeCare, we are working to protect the physical and mental health of our workforce, to support the lives and livelihoods in our communities, and to help tackle the scourge of gender-based and domestic violence.

Our operations

During the intense first wave of COVID-19, we quickly adjusted our operations to allow for social distancing, engaged our workforce in adopting all the right health and hygiene measures, and put in place numerous controls around health screening.

Our supply chain team had the foresight to quickly begin procuring all of the equipment and consumables necessary for the network of our laboratories that our most incredible health teams set up. We have carried out almost 400,000 COVID tests, representing more than four times our workforce.

Health team

I would be remiss if I did not give a huge shout-out to our health team led by Dr. Elton Dorkin, as they have been on the front lines working tirelessly. Through all the measures we have taken, we have been able to keep our people safe, prevent infection at the workplace and keep our operations going for the good of everyone.

Working with host communities

At the same time, we worked with our host governments, unions, communities and business partners. We were very mindful of the importance of our role in so many of our host communities, which are often in remote rural areas, spanning everything from the provision of basic services such as energy and water, through to supporting schools, healthcare and local businesses.

Next slide, please.

A Responsible, Holistic Approach

And today our responsible, holistic approach continues. As we have moved through the various stages of the pandemic, we are taking these initiatives further and expanding the breadth of WeCare to also educate employees and stakeholders on vaccines, and to work with governments to help deliver them. We are pleased to see COVID-19 vaccine starting to be rolled out in many of our key geographies. This is a much-anticipated stage in the fight against the pandemic and brings great hope for the future because the more people are vaccinated, the safer everyone will be.

You may have seen that we've committed up to $30 million to support vaccination in our host countries. Getting vaccinated is a personal choice, of course, and that choice should be respected. However, it is important that it is a well-informed choice, based on facts and reliable information. In line with our unconditional care for the safety and health of our colleagues and their families, we are encouraging our employees to take up the vaccine. We're strongly encouraging our employees to take up the vaccine when they have the opportunity to do so, reducing the risk of contracting COVID-19 and developing serious and sometimes life-threatening complications.

Let me now show you a short animation which we have been using with our employees, and it's an example of how we are helping them make the informed choice. Please, can you start the video?

[VIDEO]

And that's it for our health and safety share. Mark, over to you.

2020 Performance & Progress

Mark Cutifani

CEO, Anglo American

Thanks, Anik, and good morning, good afternoon and good evening, everyone. My intention is to provide a performance overview, and I will also try and paint a picture of how sustainability is integral to how we think, how we invest and how we operate.

Reimagining mining to improve people's lives

Next slide, please. Our purpose is to reimagine mining to improve people's lives. How we live our purpose is informed by our ambition. That is, we measure our performance and progress on the broader business transformation – and on broader business transformation in three dimensions.

Effectiveness

On effectiveness, the delivery of sustainable free cash flow funds our dividends and other capital returns to shareholders, while also providing the funding to grow and improve the business in the long-term.

Efficiency

Secondly, on efficiency; how we deliver that cash flow through our business investments measured by a return on capital employed, or ROCE, is our check to make sure we created sustainable value in delivering sustainable free cash flow.

Sustainability

And then finally, and most importantly, it also is reliant on our specific sustainability metrics, our sustainability strategy, a holistic concept across seven pillars of value.

We are making sure our broader business foundations are solid and reliable. We start with safety and health, and looking after employees and all of our business and social partners. It includes environment and being accountable to our communities. Social performance is about partnerships with communities, governments and other stakeholders.

Production and resources reflect the short-term value that we can deliver and the longer-term viability that underpins where we take the business in the long-term. Unit costs and margins reflect our ability to generate cash flow through price cycles, and our conservative balance sheet strategy at any point defines our ability to act cyclically, as we've shown with recent investments, including Quellaveco and obviously the Woodsmith Project in crop nutrients.

Purpose

Next slide, please. Now, from what we aim to do to how we do it. Our purpose and ambition inform our strategy, and our strategy focuses on three areas of endeavour. First, on portfolio, as you know, we are an asset quality focused group, proving a starting point for long-term sustainable performance in metals and minerals. Our focus on quality provides a natural tendency to look for the best of the best in those commodities in which we work. And so our strategy and our focus on future-enabling commodities reflects that forward-looking approach, positioning us in high-quality bulk commodities, metals driving electrification like copper and nickel, or hydrogen economy where we look at PGMs and other products that we produce to support those new economies.

Innovation

In terms of innovation, doing things differently is about finding new pathways to being more competitive while, at the same time, shrinking our natural inputs and footprint. That is, by reducing energy and water consumption, we reduce our costs and by improving productivity and capital efficiencies, we grow our business and increase production intensity, while at the same time our focus on the position further reduces costs and reduces our physical mining footprint.

An integrated approach

This integrated approach in terms of how we operate connects how we work with and through people to create a very different mining business. And in our business, innovation is only as effective as the creative intensity of what we do and how we support our people being creative. In our world, people are not assets or resources. They are much more than that. People are the business.

Central to these concepts is future-smart mining, which is a holistic approach to driving competitive transformation. It includes our innovation and technology step changes to improve efficiency and footprint outcomes, and Tony will talk to you a bit more about that next month.

The key point to understand in this conversation is we see innovation in technology as servants to both improve shareholder returns and sustainable business outcomes. The broad transformation framework is based around our Sustainable Mining Plan and our Collaborative Regional Development approaches. These are both innovative and certainly set us apart, we think, from our competitors.

Sustainable Mining Plan (SMP): Ensuring Stretch and Relevance

Next slide, please. So the Sustainable Mining Plan is central to our delivery of sustainable performance. Our Sustainable Mining Plan was finalised in December 2017, and while the concept was industry-leading at the time, there is no doubt the world has continued to move forward. And so we understand we have to evolve and move on as well.

Since the launch of our Sustainable Mining Plan, new issues have shaped the public debate; for example, circular economy, social inequality, gender-based violence and other key issues. Stakeholder expectations have evolved as well. Clearly, carbon neutrality being the big one on the agenda. Gaps in our commitments have been identified. That is in marketing, nonmanaged joint ventures, product value proposition and a whole range of other areas that we continue to work and evolve our positions.

Sustainability as a differentiator

We have continued to evolve our plan consistent with our strategic approach to the broader business. Sustainability is not a bolt-on. We see sustainability as a differentiator. Communities and civil society are focal points as we connect and translate our actions with the investors and customers. Operating assets have extended value chains that we leverage to improve returns and shareholder value connects the stakeholder value in a purpose-led, growth-focused company.

Since 2017, we've not stood still. For example, last year, we added a new commitment to being carbon-neutral across our operations by 2040. Through 2021, our [inaudible] team are working collaboratively across the organisation and with external stakeholders to make sure we understand evolving trends, and that we translate these trends into deliberate and more effective actions across the business. Just as financial performance presents an opportunity for differentiation, we see sustainability no different. It is integral to how we work and how we plan. Our Sustainable Mining Plan commitments have to stay relevant and stretching, and so they will continue to evolve and improve.

Given the breadth and evolving thinking around many aspects of sustainability and our desire to continue to consult widely, we expect this work to be ongoing. And so it would be important to keep updating you to ensure we take you with us on this journey.

ESG Integrated in Decision Making

Next slide, please. So we have a plan, and our activity is managed within a governance framework. The seven pillars of value are how we measure sustainable performance. Four of these sustainability metrics fit within the scope of a current traditional sustainability conversation, being our focus here today.

I'm not going to talk to the metrics one by one, but I want to make the point, and Stephen will reinforce this a little later, that our sustainability activity is integrated into our governance framework and performance is measured and managed, as it should be, for any of the traditional physical and financial metrics across the business. That is, our conversations are integrated, it's all part of the same process.

Driving Towards a Safe & Healthy Future

Safety

Next slide, please. Now, looking at our performance in 2020 on safety, health and environment, for us, the improvement journey continues. First on safety. Over the last five years, we've recorded a 40% reduction in total injuries and an 82% reduction in fatal incidents. For us, despite the loss of two colleagues in 2020, it was our best-ever safety performance as we continued our journey towards zero. But with that, no year is a good year if you lose a colleague. But at the same time, our continuing improvement reflects both hard work and focus on creating a workplace that is safe and productive.

Health

Health cases, made up of less obvious or immediate hazards of risk, are also heading in the right direction.

Environment

And on the environment, our improved planning and operating disciplines continue to support infinite reductions across the group. As many people know, making sure we don't get that call in the middle of the night requires constant focus, specific attention to appropriate technical design, operating disciplines and open and effective governance processes to ensure we are doing the right things the right way all the time.

If you recall, when we started reporting these issues back in 2014, we actually reported 30 incidents in a year. Today, while we haven't totally eliminated this smaller scale events, there is no doubt our eyesight and our sensitivity to risk continues to improve. But the job's never done, and we will continue to improve the business and drive towards zero incidents across all of these indicators.

Working to Deliver Value to All Stakeholders

Enterprise development jobs

Next slide, please. We've also been improving our performance on a broader front, and the pandemic has reinforced to the outside world the importance of a mining company's social performance credentials. We support over 137,000 enterprise development jobs in our local communities, and it's around 200,000 jobs, if you factor in the impacts of our local procurement activities. And this is our current status quo, achieved through helping local entrepreneurs and through foundations such as Zimele in South Africa and Emerge in our South American countries. We have ambitious plans as part of the S&P to achieve our 2030 target of supporting five jobs outside the mining[?] gate[?] for every job on the operation. Our current 100,000 jobs is about – a bit over two to one.

Female board representation

Looking at female board representation, Anik will touch on the broader area of diversity later, but we are now well ahead of the Hampton-Alexander targets for UK boards. On our social wage compliance, Anik will explain this further, but the key message is that we're approaching full compliance across the group.

Social Way Compliance

As you know, these things evolve and develop over time. And so we've now designed a new generation Social Way package that will be used as a new and higher bar for community and social engagement. This new package goes beyond the industry benchmarks and has been imaginatively called Social Way 3.0.

Now, stepping back, you can see our trends of improvement across this range of non-financial metrics. This is another view of where we are improving the business with a view to building resilience and sustainability. And we believe the market recognises these improvements as indicators to how we think and create a sustainable business.

Over that same five-year period, people probably understand we've been the standout, major diversifier, delivering better than a 60% average TSR each year. Now, we know 2016 was a low share price base for the group. But if you look back to 2013, we are still delivering better than 17% TSR each year, again ranking at the top of the major diversifiers. We believe building a sustainable business is absolutely consistent with building our high performance business, in every dimension.

E - Healthy Environment

Next slide, please. I will now reflect on our environmental pillar. So again, next slide, please.

Active Route to a Greener World

We've previously talked about our journey to neutrality on operational carbon emissions, and we continue to make progress; both with the confirmation of our intention to demerge our SA thermal coal operations, which I will touch on a little bit later; but also, we've now put in place contracts for renewable energy supply across all of our South American operations from 2020 to onwards.

This recent milestone was achieved with the signing of a contract with NG for Renewable Power at Quellaveco earlier this month. I would also like to highlight our intention to present an advisory resolution on our plans and approach to climate change at the 2022 AGM. And so the journey continues towards operational carbon neutrality by 2040.

Progress towards a Green Future

Next slide, please. Within a green context, we continue to make good progress on critical targets. Our energy efficiency improvements have also supported our greenhouse gas savings. And as you can see, we've met both improvement targets for 2020, working off our 2016 baseline which is represented by the green lines on the chart. It's an absolute reduction of 30%, and is consistent with delivery of a 30% reduction on both by 2030.

Pathways to Scope 3 Reductions

Next slide, please. Now, looking at the downstream emissions from our products, like most of society, we're on a journey understanding the broad and local implications of climate change. What we do recognise even more clearly is the positive role that metals and minerals we produce have in the transition to a low-carbon economy. We are developing our understanding on how to mitigate the possible physical impacts of climate change on our operations and the regions around them.

We know how we can reduce our emissions through technology and operating efficiencies, digitally induced knowledge and innovation. And we're increasingly aware of the wider role we can play, and the role we cannot play, in facilitating the transition to a low-carbon future that the science clearly flags we need to follow. The journey we're on is far from complete. Our business model is unique in the mining world, where we look for value leverage points along our individual value chains to mitigate the risks and maximise revenue opportunities.

Consistent with that mining-the-value-chain approach, we also see the value possibilities associated with the transition to a low-carbon future. On portfolio, we're taking measured steps down this important road. Thermal coal accounts for around 60 million tonnes of CO_2 of our scope 3 emissions, and we have announced the plan to demerge the business.

On steel-making ingredients, both our met coal and iron ore are high in quality and low on deleterious elements and are well suited to modern, relatively cleaner conventional steel-making. For example, our Minas-Rio product allows for around a 30% lower carbon emission than that compared to a 58% iron content Pilbara product. We also expect that the demand for high quality met coal for this purpose will extend well beyond our mine lives. And as steel making evolves with 50% expected to be greener by 2040, our high-quality products should play preferentially into future steel-making technologies. And for us, that's a big competitive advantage in the long-term.

Data, logic and science are always central to our analysis, and we solve this complex problem through a multi-dimensional approach. We are doing the work now, and I will certainly tell you more later in the year.

Thermal Coal – A Responsible Transition

Next slide, please. As I've said before, we strongly believe in a responsible transition from thermal coal assets. We've been on a pathway for some years, leaning towards a portfolio of future-enabling products. And as you know, we sold a lot of our thermal coal assets back in 2016, certainly reducing the footprint by around 60%[?]. With a healthy but intense competition for capital across the group, the bulk of our discretionary capital is focused on copper, as in Quellaveco; in new opportunities, in crop nutrients, as in Woodsmith; and in maximising the potential from our existing assets in De Beers, PGNs and other positions across the portfolio.

Unlike many, we have choices we can make. The risk is that thermal coal is now standing at the back of the queue in terms of capital allocation. Therefore, we think it is much better to free it and give the business the chance it deserves to evolve and improve in its market. We think this is the responsible way to do things – for the business, for its customers, its employees and for South Africa, the owner of the resource base.

We've seen that thermal coal, despite the fact it's only 4% of group revenue, is a deterrent to some asset owners who invest in Anglo American. On the other hand, it's not a material part of the portfolio for those investors that would seek thermal coal exposure, certainly as a value play. Therefore, there is an increasing dyssynergy between the two businesses. And we think there's a good chance that the separation will serve both sides of that equation.

We have always said that we are committed to delivering a responsible transition. It is very important to us that we go about these things in the right way. This means maintaining the transparency and accountability that comes from the public scrutiny of a listed business. In order to achieve that outcome, we must set the business up for sustainable success.

South Africa Thermal Coal: A Responsible Transition

Next slide, please. So we've proposed to demerge the business into Thungela, which will be a high quality and most importantly, a responsible operator of the assets led by July, who has done a great job with the business for the past five years. For us and now for Thungela, ESG and a robust framework to ensure we manage ESG matters responsibly is absolutely fundamental. Thungela will be focused on the protection of our employees and the delivery of value to stakeholders, with the high standards of governance.

It has commitments to responsible environmental stewardship, based on the efficient use of resources, climate risk management, and promoting biodiversity and land stewardship, which will also deliver significant benefits to our host communities, while also committed to closing the mines responsibly to enable sustainable future land uses. For those that understand the water work that's been done in South Africa and the other good work in the communities, we've got no doubt the team will continue that good work.

At the same time, Thungela management is committed to delivering significant benefits to employees and host communities, that they participate meaningfully in the business. Each will hold 5% direct equity stakes. Each point is underpinned by strong governance that is essential to delivering our strategic priorities and building trust with our shareholders, our communities, our regulators and our employees. This approach has been carefully considered and developed with our stakeholders, demonstrating the responsible and thoughtful way we've approached this and other ESG considerations.

And with that, I'll hand back over to Anik. Anik, all yours.

S – Thriving Communities

Anik Michaud

Group Director, Corporate Relations and Sustainable Impact, Anglo American

Thanks, Mark. So the S of ESG is incredibly broad, from employee safety and health through to the full gamut of social performance, it's actually about people. This is the thriving communities' pillar of our Sustainable Mining Plan. Today, I'm going to highlight our approach as well as how we are working to become a more inclusive and diverse company for our employees and future employees, which is one of the critical foundations of the Sustainable Mining Plan.

Continuous Evolution of Social Performance Practice

Next slide, please. The last time we spoke, you heard me mention Social Way 3.0. It is our approach to managing social performance at all of our sites across the full lifecycle. And I want to talk more about how it is driving better outcomes for our communities.

We first set out our approach to social performance back in 2003 with what we then called SEAT, the Socioeconomic Assessment Toolbox that provides guidance to our sites. While SEAT quickly became something of a benchmark, our thinking evolved and SEAT was followed by the Social Way policy in 2009, which for the first time consolidated our existing social commitments and plugged notable gaps, and in particular with reference to international standards.

An updated SEAT toolbox then served as the guidance for implementing the mandatory Social Way requirements. We were the first mining company to adopt this kind of approach.

We have continued to develop our thinking over the last decade to reflect evolving best practices and, more importantly, stakeholder expectations. Now, with Social Way 3.0, we are focussing not only on adherence to international standards, but also on ensuring we reliably deliver the outcomes that our stakeholders, and we, want. That has involved going beyond established norms, such as the IFC performance standards, to ensure that social issues are well-integrated into our core business planning and governance processes. Again, it's about integration.

What we're aiming for is a business that does the right thing every time, whether that's required by our standards or not, because our purpose to reimagine mining to improve people's lives, our values and our processes lead us to the right decisions. This is where we are on a maturity journey as our processes become more robust.

We already do many things well, but of course we're not perfect and recognise that we will always need to improve. As an example, resettlement and livelihood restoration are some of the most difficult things that mining companies do and are very challenging to get just right. But we think about this in an integrated way. The IFC performance standard on resettlement planning has a first objective to avoid, and where this is not possible, minimise resettlement. So, we work very closely with our technical teams to ensure this objective is foremost in our planning. It is something that we are constantly working to improve and requires full participation of our stakeholders.

Social Way 3.0: Raising the Bar

Next slide, please. I believe the Social Way 3.0 marks a step change because it is an integrated management system and includes a policy, guidance, toolkit and assurance framework all in one package. It is industry-leading by design because it embeds leading international standards, like the IFC performance standards I mentioned earlier, and the UN guiding principles for business and human rights, as you would expect.

But also, it's not a standalone system. We are integrating social performance into our core business processes. Just to give you a few examples, we have worked closely alongside our technical colleagues to incorporate social and human rights risks and impacts into our operational risk management process. We have done this with several other processes, such as safety, learning from incidents, our operating model, which I'm going to touch on in a second, as well as the life of asset and mine closure planning.

So, it is a comprehensive and robust tool, but the fact remains that we are on a journey because we are always learning. Our sites are working on a three-year timeline to fully implement the new approach, and we are on year two of that journey. At the end of 2020, 80% of the end-of-year rollout milestone targets had been met, and 23% of all Social Way 3.0 requirements were satisfied. Although this is a lower percentage compliance than in 2019, we believe that this actually represents a higher overall standard of performance, given the much more rigorous requirements of the new Social Way.

Comprehensive Coverage of Social Performance

So next slide, please. Some people still believe that social performance involves sitting under a tree and talking to community members or two. While it is true that stakeholder engagement is a very important component, the blue boxes you actually see here are the chapters in the Social Way, covering everything from community relations to land access and resettlement, to cultural heritage, to socioeconomic development and so on and so forth. It is technical in its own right, but a management system is only a system. It becomes a practise when it is truly embedded in the culture. And for this to happen, you have to create a mind-set shift. To achieve our vision of delivering lasting positive contributions to local communities, we have to create the right enabling environment, the right governance, leadership, culture and competencies.

That's why, for example, the Leadership Development Programme for our first year of senior managers focuses exclusively on ESG. We have put as much effort into the governance of social performance as we have into the standards and guidance to ensure it is implemented effectively. We are also working very closely with our colleagues in other disciplines to drive improved social performance at site level because often it is through activities in other areas, be it mining safety, supply chain, management of environmental impacts, that we are able to address the expectations, needs or concerns of local communities. So, our in-depth training programme on the Social Way 3.0 is very much taking a whole-of-mind approach.

We are also keen to engage with external stakeholders on these issues, and that is why we continue to make the Social Way policy and toolkit publicly available on the Anglo American website for others to use as they see fit, but more importantly, to critique and propose improvements. You should check it out.

With this most recent iteration, we are now focussing on delivering outcomes, not just assessing compliance, so this is not a tick-box exercise.

Social Way 3.0 Integrated with Operating Model

Next slide, please. I know you would have expected the boss to talk about operating model, but surprise, it's me. Social Way 3.0 management system is both aligned with, and integrated in our operating model. It starts at the very top of our organisation where every year Mark and we, the GMC, jointly agree a set of business expectations. They, of course, include sustainability specific expectations and are cascaded across our operations to the GMs at each of our sites. Then in turn, each GM translates them into service strategy and operational plans that drive the delivery of our sustainability outcome. In this way, social performance and sustainability, for that matter, are fully integrated into our business planning. It is simply the way we do business.

We think that this approach is important to support continuous learning and improvement. It focuses on strategic war[?] planning, then on executing the work with the right capabilities and resourcing in place. Then the focus shifts to monitoring and evaluating our activities and finally, to take the corrective actions where needed.

These final two steps are particularly important to determine whether the programme we have in place is delivering the intended outcomes. Whether they are not – when they are not, we will be able to adapt and adjust to prevent impacts on local communities or widen the reach of our socioeconomic programmes. And this is enduring.

Social Way in Action: COVID-19 Community Response

Next slide, please. So, let me bring it to life a little. When we started to feel the effects of COVID a few months after we launched Social Way 3.0, we were able to make good use of the system to support our communities effectively throughout the pandemic. We also leveraged the work that we had been doing on the community health stretch goal from the Sustainable Mining Plan, showing once again the value in investing in good systems and networks before a crisis hits.

That is the mind-set and culture that allowed us to spring into action with our comprehensive WeCare response programme that I mentioned earlier. We did not waste time building business cases for action, we just did it. And having the system and structure of the Social Way increased both the efficiency and effectiveness of our response. From the outset of the pandemic, Mark was very clear with everyone. We were leaving no one behind and that every site must have a tailored community response plan.

The social performance management system was used to understand the context; rapidly assess impacts on community health; identify community needs; align and engage with affected stakeholders, including our vulnerable groups; develop action plans; and finally track our activities. In parallel, we developed asset value cases that set out each site's contribution to society from a local economy to the provision of water and other essential services. This helped us to engage with governments and demonstrate the value that our mines contribute locally. This helped shape the important decisions that mining operations were deemed essential activities in many of our jurisdictions. This was so critical as we are often the economic engine of entire areas around our sites.

Engaging with communities, NGOs, traditional and faith leaders, and government agencies enabled us to understand what was required on the ground. We then use what we learn to design a community response plan to guide our staff in managing potential impacts of COVID-19 and providing the most effective and relevant support for their host communities. And as soon as we developed the COVID Community Response Guidance, we immediately made it publicly available on our website.

Next slide, please. So, what does this allow us to do? This is just to give you a flavour. We supported 141 health facilities in and around our mines, serving an estimated population of approximately 2.7 million people. Training was provided to over 4,000 community health workers, 50 traditional leaders and 715 clinicians. More than 176,000 people benefited from our water extension programme in South America[?] – in South Africa and Zimbabwe.

We also provided more than 50,000 food parcels and vouchers over three months to vulnerable households around our operations in Zimbabwe, Namibia and South Africa. Through our Zimele programme, and Mark was speaking about this earlier, we worked with more than 800 beneficiaries and disbursed over $3.6 million in loan funding to small, medium and micro enterprises that support 2,600 jobs. I am proud to say that as a result of our interventions, businesses covered by our programmes had a 97% survival rate and a 95% loan recoverability rate. To date, we have contributed more than $40 million to help communities tackle COVID-19, focussing on the area of planning, prevention, response and recovery.

But the pandemic is still with us and, as you know, is still acute, especially in South America and in India. We have the controls in place so that even with the spread of new variants, we have been able to protect our employees and ensure the continuity of our operations. We have recently moved forward with additional response packages, including food parcels, as well as oxygen cylinders, hospital equipment and medical services. And then in our next update in October, we'll do a deep dive on livelihoods and the recovery phase.

I know I've spent a lot of time talking about a system, but please know we are keenly aware that a management system is only a system, and it becomes a practice when it is truly embedded in the culture and in the fabric of the company, and that's what we're doing.

Promoting an Inclusive and Diverse Work Environment

Next slide, please. Now, turning to inclusion and diversity. We have been on a journey for some time in promoting and creating an inclusive and diverse work environment. We are doing this to attract, develop and retain the best talent. So, the focus is not just on achieving goals, but actually embedding sustainable improvement. And we're doing this under four pillars.

Inclusive leadership: this has to come from the top; leadership that empowers employees while being accountable, courageous and humble. It is this commitment to engage and collaborate across the business that sets the tone.

This becomes infused in the culture where colleagues are valued and respected, and where everyone feels they can bring their best selves to work, whoever they are, across all dimensions of diversity. This is our second pillar.

On the gender lens, it's good to be recognised in the Bloomberg Gender Equality Index for our global approach. And in terms of racial diversity, we are signed up to the Business in the Community's Race at Work charter and have linked this to an internal employee network that we call Your Origins, of which my colleague, Ruben Fernandes, our head of the Base Metals business, is the executive sponsor.

Miners talk a lot about safety, and rightly so. We also need a safe environment. We need to look broader than the workplace here. Domestic and gender-based violence is not restricted by culture, geography or economic status. An unprecedented increase in reported cases globally has been one of the awful features of this pandemic. We have all seen this on the news during the course of the past year. Domestic violence has devastating physical, economic and psychological consequences for survivors, men and women alike. As a global employer, we recognise our duty of care to our colleagues, our communities and society more widely, and have a programme in place to educate and provide the necessary support.

And finally, our fourth pillar is to provide a fair and supportive workplace, relevant to what has become a very high profile issue, mental health and well-being. Again, this is work we started a while ago. We put in place our first mental health framework in 2009. As the pandemic unfolded last year, it became ever more important as the impact of losing loved ones, economic strife and curbs on social interaction had already had a marked effect on people's mental health.

We therefore enhanced our employee assistance programmes, available in all countries, with 24/7 care available. We rolled out a global flexible working policy, and 5% of our colleagues are being trained as mental health first-aiders. Having the culture, mindset and systems in place is so important to help stay ahead of such trends so that we can be the company that our employees and communities want and deserve. This is absolutely central to building trust and earning our licence to operate and, of course, is in tune with our purpose.

Inclusion & Diversity: Good Progress but Still Work to Do

Next slide, please. Let me show you some interesting stats. But this is absolutely not about reaching targets. It's actually about creating the right environment to develop and retain the best talent sustainably. Certainly, our industry has long been challenged at doing this, in particular with half of the global talent pool, but you can see we are making steady and remarkably consistent progress at senior management levels. That's the level that reports directly into the GMC. But it is really important that this is sustainable and consistent through the business, and I'm really pleased to report that this is a similar picture.

We are very focused on creating a truly diverse workforce and doing so the right way. And we have specific quarterly committees looking at progress and course correct, if needed. One of the key indicators here to check if we're doing the right thing or just simply upsetting the apple cart is voluntary turnover, which is tracking in a really good place, comfortably below

5%. Ultimately, we want to attract the most capable people drawn from the entire pool of talent out there, whoever they may be. This work is central to being a sustainable business.

Now, I can talk about this forever, I'm sure you hear the passion in my voice, but I do have to share the stage. So now I'm going to hand over to Stephen, who will look at the G, what we call the trusted corporate leader. Stephen, over to you.

G – Trusted Corporate Leader

Stephen Pearce

CFO, Anglo American

Thanks very much, Anik, and very nice and not just put my name and job title, but also a personal descriptor on the cover slide. Thank you.

Integrating ESG into Governance Structures

Next slide, please. As CFO, I haven't previously spoken at these presentations, but how we think about all aspects of ESG is now so naturally embedded in how we plan, run and report the business. The governance framework is one of the key process by which our organisation is managed and overseen but, as Anik said, it also has to be underpinned by real people and processes. No matter how good those processes and policies may be, it has to be driven by the culture of the organisation at all levels.

Accountability and alignment

Today, I'm going to focus on two aspects, in particular: accountability and alignment. The leaders of our organisation are accountable for the development of complete business plans and once approved, accountable for all aspects of their delivery. Mark's spoken about the capital and cash flow measures, but also the seven pillars, considering the full impact of decision making.

Touching on several aspects of alignment, culture, I've already touched on; how we embed ESG targets, both short and long-term, into performance metrics and ultimately remuneration packages. And increasingly important, the governance and assurance framework to ensure robust and credible reporting and alignment with the policies and framework.

And this is an important year from that perspective as we hopefully get better alignment around definitions, to CFD[?] reporting, etc. To all CFOs out there, don't underestimate the role that you can play in making this live in an organisation. How you perform in this area directly impacts access to and cost of capital in both debt and equity markets. How you communicate to the market, with the investor relations team, technology team, operations and sustainability teams. And there's not an investor meeting that happens now without a detailed discussion on all aspects of ESG. How you set up the business planning process across the organisation to prioritise and provide insight on ESG initiatives. How you run monthly and quarterly reporting performance review sessions and provide that feedback loop on what is important; again, a key part of the operating model. And how you allocate capital at both a whole-of-portfolio level and prioritisation given to individual initiatives. And the list goes on.

Aligned with this, we have also developed five-year sustainability plans across all of our group functions, including in group finance, with many initiatives progressing exceptionally well.

ESG Integrated in Capital Allocation

Next slide, please. Most of you are familiar with the capital allocation framework. I talk to it from a finance perspective each six months and report on how we have done financially. I speak to the cash flow that we generate after sustaining capital, the commitment to the base dividend and how we think about discretionary uses of capital and additional returns. But there are other principles that underpin our decision making around commitments, risk, timing and financial intensity as we consider investing in allocation of capital.

As an aside, Anik became a formal member of the Investment Committee, where we consider all of our capital allocation, in excess of two years ago. Carbon pricing is now embedded in all capital requests. Across the portfolio, over the budget and five-year plan horizons, we ensure capital allocation is aligned with strategy and towards future-enabling commodities.

We ensure visibility of sustainability targets and alignment to the Sustainable Mining Plan. And we're currently developing full-value decision-making criteria. How do we assess water use impacts; impacts on communities or job creation outside the gate for local communities. It's still a very evolving area and quickly becoming part of our core decision-making processes.

>90% of Growth CAPEX in Future-Enabling Products

Next slide, please. Just to demonstrate the strategic approach to capital allocation, our portfolio of future-enabling product mix alongside, quality and diversity are positive differentiators in our industry, with the overriding majority of growth capital going towards future-enabling products. Consumer-driven demand for diamonds, crop nutrients and PGMs and environmental themes and electrification driving demand for our copper, nickel, and, again, PGMs contributing to the hydrogen economy are all big positives. And now iron ore and met coal are high quality, both physically and chemically, and therefore desirable inputs for steel mills and, in particular, future green steel mills.

For a generalist investor, our mix across these high-demand growth sectors positions us not just for the next five years but for the next 10 to 20 years. The challenge I'd like to put to you today is to think beyond the individual company position and look at what is good for the global environment. For example, a company with high-grade met coal and iron ore that suits cleaner production of steel should be supported or preferred, versus a company or operation with lower grade or more polluting inputs. A company that produces copper to help with an electrified world should be encouraged to do so as responsibly as possible.

In terms of the approach to date, in the main, the focus has been on individual company positions. In our case, we've recommended to shareholders that our thermal coal assets continue to be held in a public company with an experienced management team and all the other attributes that Mark spoke about earlier. In many cases, what we have seen is that you end up with much of the same coal being produced, but often in private hands with less transparency.

ESG Integrated in Remuneration

Next slide, please. And finally, from me, in order to align with the interests of our stakeholders, we are ensuring a balanced compensation structure by integrating ESG targets into various aspects of remuneration. This is reflected both in short term through the inclusion of 20% weighting of SAG targets in our annual bonus calculations, and in the long-term through 20% weighting of ESG targets in our three-year LTIPs. In addition to this, there's a further 30% of target-critical tasks, which also form part of the short-term bonus, of which a proportion is also safety and ESG-related.

So, our 20+% ESG weighting represents a higher proportion than that across the average of the FTSE 100 according to a recent PWC and London Business School survey. Average weightings there are 15% and 16% to short and long-term metrics. I'm sure this is an area that will continue to evolve.

And finally, in solidarity with the global fight against the pandemic, all GMC and board members also donated 30% of their salary and all fees for three months to the COVID-19-related causes. Mark, back to you.

Positioned for a Sustainable Future

Mark Cutifani

CEO, Anglo American

Thanks, Stephen. An important measure of our success in our sustainability endeavours is to make a difference in this man's life. If he sees we're doing good things and supporting him in the way he supports his family, then that's a good place to start in making sure that we're building the right relationships in the communities and at the most important stakeholder level.

Mining Driving Development and De-Carbonisation

Next slide, please. So, coming back to our purpose, reimagining mining to improve people's lives, let's look at mining in a much broader context. Global habitable land is at a premium by any societal measure. Forests are precious, and a key part of managing the planet's carbon debt, with agricultural land needed to feed a growing population. Remarkably, mining's landed footprint is small within this or any other context at 0.04% of global land. And while we understand we're critical to protecting forests and improving agricultural productivity to further grow the forest sinks, it is still incumbent on us to manage our footprint responsibly.

Our portfolio is focused on future-enabling metals and minerals, including high quality bulk commodities for cleaner steel production, the metals essential for electrification like copper and nickel, and the hydrogen that supports – that is supported by metals such as PGMs. And what we need if we're going to grow the food that people need without stripping bare every last surface of land, thermo-effective, lower-carbon fertilisers are the key. And hence, our most recent move into crop nutrients is not simply about entering into one of the world's great mineral resources. It's also about making a difference in terms of that significant agricultural footprint that we all need to do our bit to ensure that we improve agricultural productivity, to reduce land that has been taken from forests and biodiversity, and try to give it back to nature. And that's the biggest thing, and the biggest contribution mining can do across all of our urban landscapes and right across the globe in terms of impacting land and land usage it for the long-term in terms of a carbon footprint.

I've talked, and Tony will talk to you more over time about using technology to manage our footprint and our innovation, doing things differently to the way the industry has always done, because mining can be done smarter and more sustainably. Central to this approach is Future Smart mining, which is about integrating technology with sustainability to deliver step changes to our efficiency and our environmental and societal footprint. And again, Tony will talk to you a bit more about this technology – his technology and our technology progress next month. As you can imagine, there's more than we can fit into a single session on these subjects as they are central to who we are, the transformation that's being led by the company, and ultimately, it's central to the transformation of our industry in relation to the contributions it makes to society.

Central to Future Smart is our approach to sustainability as set in our ambitious Sustainable Mining Plan commitments. In connecting our SMP with our broader social responsibilities, we've developed the industry's most progressive and innovative partner-led approach to being a catalyst for sustainable economic activity that is entirely independent of mining.

Collaborative Regional Development is a business catalyst methodology where we help bring diverse stakeholders together with a thorough – and through regional governance, as we have in Limpopo, in South Africa. And our sustainable approach is the key to creating thriving communities around and supporting our operations.

By understanding spatial population – that is where people live – and how infrastructure distributions in those regions can more effectively be deployed to support industry and communities, is the way to both reducing footprints and making sure that infrastructure development services the needs of people and sustainable development. And this integrated approach – one that we're working through with governments, with local stakeholders, local communities – is all about making sure we are part of those communities, that we're listening to the needs of our local communities, and we're doing it with governments and other industry players, including our other colleagues in the mining industry.

Being a catalyst for this type of coordinated, collaborative development across our communities is the way mining can play its part in the primary role of bringing people together and driving the country and – various countries in the world towards carbon-neutral performance. Again, with these collaboration, it demonstrates for us that, whether we're talking internally within the business or outside the business, people are the business, people are our communities, people are the world. And all contributing at the same time to meeting the infrastructure needs of the emerging urban populace, providing the metals critical to electrification and decarbonisation and our fertiliser to feed the growing population.

This is a message we haven't done a great job in getting to those urban centres that talk about mining as something terrible when at the end of the day, we believe it's one of the most important industries in managing global urban footprints and making sure that the world is sustainable. And that includes reducing our carbon footprint.

Re-imagining Mining to Improve People's Lives

Next slide, please. Our purpose is founded on delivery of sustainable returns to shareholders, employees and our broader business and societal stakeholders. And so, to re-imagine mining to improve people's lives is not just something we say, it's something we feel. It is what we believe businesses must do, both through the value we contribute to our host communities and societies, and also in the way we are providing the basic metals and minerals that enable the world to be sustainable in all its dimensions.

In our business, we keep our targets pretty simple. We target a better-than-10% free cash flow on capital employed as the prime measure of our effectiveness as business managers. And that makes sure that we are able to invest in the future, and by competitive dividends through the long-term.

Secondly, our measure of efficiency is return on capital employed better than 15%, making sure that we spend your capital the right way in delivering those cash flows and making sure that they're sustainable. And we measure sustainability across seven key pillars, which includes safety and health, environment and our other ESG parameters, productivity, [inaudible] and our competitive cost and capital measures.

So, with that, we'll go to the last slide. Happy to take questions. Thank you.

Q&A

Operator: Thank you. As a reminder to ask a question, you will need to press star one on your telephone. To withdraw your question, please press the hash key. We would like to remind you to also please mute your computer sound if you're watching the webcast on a computer.

And we will now take our first question from the line of Alain Gabrielle from Morgan Stanley. Please go ahead. Your line is open.

Alain Gabriel (Morgan Stanley): I have two questions for myself. I will start with the first one – is on the scope 3. So, what is your view on setting concrete reduction targets for scope 3 along the lines of what your competitors have done? So, setting reduction targets, for example, for steel making and shipping. And do you think it's a matter of time before your shareholders and broader stakeholders demand an inclusion of scope 3 in your targets? That's the first question.

Mark Cutifani: Yes, and we believe that it is appropriate to have concrete targets. However, we do have an issue at the moment in that we honestly don't believe there is any really effective standard that can be applied. And even if you look at our competitors, they all calculate the numbers differently; whether it's including trading, not including trading, the different parameters are dealt with differently.

So, we're working our way through all of those different approaches and methodologies to make sure when we present our numbers and our targets, we've thought through the unintended consequences of how we present our numbers. And now if you look at our thermal coal and changing the shape of our business, there's almost a 25% reduction in our carbon numbers by making that step.

Or, if you look at met coal over time, with our resources going up to around 2,040[?] or the iron ore business and the 30% difference, people don't measure those differences in many of the scope 3 numbers. So getting all of those numbers right, and then presenting a consistent set of numbers is something that we're working on. We'll update you towards the end of the year in our October sustainability session, and then again in the New Year.

But we think given the work that we've done on scope 1 and scope 2, the inconsistencies in the way numbers are reported and the assumptions people are making need to be very transparent. We're working through that and we'll present those numbers. I won't give you a hard date yet, but we'll certainly give you a quite a detailed update in October this year. And I have to make sure we have a little bit more we need to say at the AGM and in the October Sustainability Update as well. So, Alain?

Alain Gabriel: Thank you. That's very clear. And the second question I have is on slide 32, where you discuss your – the incentive plan and the bonus payments, where 20% are linked to ESG metrics. But given the breadth of the ESG and the continuous need to fine-tune these incentives, how do you think the mix will evolve, let's say, over the next two to five years? In other words, where will you be rewarding most people on what metrics? Is it mostly on climate? Is it mostly on social? Which – where will be your focus basically?

Mark Cutifani: Alain, I think the way we look at all of this, it's an integrated approach. I think there's no doubt that our progress on carbon reduction will be very important in the strategy there. The good news is that anything you do there also impacts your cost structures and drives business performance in any case. The fact that we can increase capital intensity and also water reductions means that we're reducing our footprints and also water consumption. So, they'll all be very important parts of our measures.

Obviously, safety, health remains front and centre for us as a group. And whilst we've made significant progress, those metrics obviously have to remain a big part of our conversations. And ultimately, I think social metrics will become more and more important. And certainly our regional collaborative development work is really key to that.

So, I think those types of metrics will take more significance as all of our stakeholders start to recognise how important these issues are. We've been out there with these programmes, and when you talk to stakeholders, they aren't quite sure what you mean. So, the more we're able to articulate our progress on Social Way, the collaborative development work, the regional work, the local stakeholder stuff, I think that will become more important over the next five years. I think that's certainly where the industry will go and certainly, that's where we'll be going.

Anik, do you want to add to that?

Anik Michaud: No, I think that you covered – pretty much covered it, Mark. I completely agree with you.

Mark Cutifani: Steve, do you want to add?

Stephen Pearce: Yeah, so over time – so in recent years, both the amount that feeds into those measures of performance and the mix has evolved. And as you say, Mark, I think it will continue to evolve both in terms of quantum and structure, as priorities change, as expectations change, etc.

Anik Michaud: Yeah, and I think staying on top of these changes is what's going to shape it.

Alain Gabriel: Okay. Thank you.

Operator: And your next question comes from the line of Liam Fitzpatrick, please go ahead. Your line is open.

Liam Fitzpatrick (Deutsche Bank): Good afternoon, everyone. Just one question for me, just on the hydrogen announcement or partnership that you announced earlier today with Umicore. Can you give any details or shed any light on the potential timing when we could hear more plans around pilot projects, etc.?

And then a more general question linked to that in terms of downstream initiatives. Is this an area that Anglo is looking to spend more money in and commit more capital to over the medium term? Thank you.

Mark Cutifani: I think the real focus over the next two to five years is quite important because it certainly provides us with an opportunity to extend the use of our products. The more applications we see, obviously it's good news for us. The efficiency work is really important.

Longer-term, the use of hydrogen will be facilitated by the lower cost of generating hydrogen. We think by 2030, hydrogen will be cost-competitive with traditional fossil fuels. So, you'll have a very strong reason to use it, both as a primary fuel source and as a secondary fuel source in terms of the fuel cell applications and other catalytic applications.

So, it's a journey with Umicore in understanding how we use these new metals in a whole range of new applications. So, in particular, it's a two to five-year period, but we're looking out beyond 2030. And Tony will have the track and he'll talk about that again next month. And that's just part of the journey. We use Iridium in those catalysers, along with platinum. And so the breadth of those new applications is quite significant and certainly very important to us.

Anik or Steve, do you want to add anything to that?

Anik Michaud: No, just that it's very early stage R&D with Umicore, and that's what the thrust of that is.

Mark Cutifani: Yeah. I think the good thing too is our – a couple of our competitors are now starting to put some money into product development as well, with a couple of other plays, and I think that's great news for our industry. People are starting to understand that these new metals have so much potential with the digital technologies. And Tony's already looking for material scientists for us to better understand the applications, and to make sure that we connect better with Umicore as a partner in developing these types of applications. And I think that's the really exciting thing, in particular with PGMs.

Anik Michaud: Well, that's what Tony says, Mark. We really need to be mining the periodic table.

Mark Cutifani: Correct.

Liam Fitzpatrick: Okay, thank you.

Operator: And your next question comes from the line of Ian Russo from Barclays. Please go ahead. Your line is open.

Ian Russo (Barclays): The ESG planning, how does that relate to your joint ventures? I mean, particularly the non-operated joint ventures, which I don't think you really mention in this presentation. I mean, how do you influence as a board member on those, I guess, operations, I guess, a similar standard to what you set out today? And I'm thinking particularly, for example, at Cerrejón, where there have obviously been some allegations around human rights and community issues. So, I would be interested to hear your thoughts on that side.

Mark Cutifani: Yeah, I think firstly, Ian, it's a good question. We've done a review of all of our joint venture positions with the legal team and with the operators in each area. And we're just making sure that that in any of the positions we have on board, we're very clear about the minimum standards we expect and the governance processes that have to be in place in those joint ventures, and making sure that there's a follow-up and appropriate follow-up. So, that work has been initiated some 18 months ago, and we're in an active conversation with all GMC members and all partnerships that were involved. And that's really important to us.

At the end of the day, if you're on the board, then you've got an accountability for making sure that you're clear about the standards you'd expect, you've got an accountability for making sure the governance processes are in place, and you've got an accountability to make sure that the team that is running the asset is appropriately skilled to do that. And that's the governance accountability that we take very seriously.

Beyond that, we also work closely as partners with our joint venture. For example, at Cerrejón, we're aware of the most recent allegations from one of the local communities, an indigenous group. We have had these types of things previously – not too many, but we have had some. We follow a governance process with the other two partners. We have an independent legal adviser and we're very open and transparent in dealing with those issues. And up till now, we've worked through the processes and we've generally been able to land something.

Now, there's a collaborative approach that occurs in those communities. They are quite diverse and sometimes you'll get one or two dissenting views, and then you have to go back in and review the process sometimes two, three times. But we've always landed on a position. So, again, we'll take these allegations very seriously. We work with our partners, make sure they're appropriately investigated independently, and then we make sure the follow-ups occur. And so far, with Cerrejón, those processes have landed in the right places. We've been able to find or resolve the issues and ultimately find solutions. But sometimes it takes two or three rounds to get it absolutely right. But committed no differently to our commitments on the operations that we have under our direct control.

Ian Russo: Thanks, Mark. That's clear.

Operator: Thank you. Your next question comes from the line of Myles Allsop from UBS. Please go ahead. Your line is open.

Myles Allsop: Thank you. Yeah, a couple of questions, maybe, first of all with Thungela. Do you worry that this is a bit of a cop-out from a climate change perspective? Anglo Group is clearly much better positioned to manage the depletion of those coal assets than a small single commodity company. I can understand from a shareholder perspective, it makes sense to spin out the assets, but from a climate change perspective, it feels that this is not going to help in terms of reducing CO_2 emissions. That's the first question.

Mark Cutifani: Yeah, look, Myles, it's the right question. We're very careful with the way we word this. We don't talk about eliminating those emissions. They're no longer in our portfolio and attributable to the business. So we're not trying to duck and weave. So I think that's the first point.

Second point, we are also very cognisant that the government of South Africa, or whatever jurisdiction you're in, actually are the ultimate owners of the resources, and therefore you don't have the right to stop production. So, we're very mindful and respectful of those issues and we make sure that we work with the government, and they understand our commitment to footprint and managing footprint. So to be fair to the South African government, they've been – the last 12 months, in particular, been quite progressive in cooperating in those sorts of initiatives.

We felt that a de-merger into a business without debt where the team we know is committed to the highest standards of operation and they understand the commitments to community and they've already got a good relationship with the local communities, was ultimately the right thing to do or the best thing for us to do. Even if we had a BE entity, Myles, they generally come with debt, which in our view, then puts more pressure on people not to do all the right things.

So, we think that we've set the business up the right way. We've set the business up with the right people; the government's being consulted; the local communities being consulted; customers have been well consulted, and so I think we set it up the right way.

Ultimately, the big question for us that we had to answer was the dyssynergy that we have with that part of the business and it's only 4% of our business. I mean, for someone like Glencore, it's a different conversation. And I'm not being disparaging in any way, shape or form. I'm just saying it's a different question. They've got 30 or 40% of their business; for us it's 3 or 4%. It's clearly a dyssynergy that needs to be dealt with. We felt this was the most transparent, open and constructive way, giving it the best chance to go forward, to be done the right way with all of the stakeholders involved in the process. It takes a bit longer, but it's the right thing to do.

Myles Allsop: Okay. That makes sense. And then, the second question is around resource nationalism. And I guess the way this crops up, or is likely to crop up is more in the form of tax increases, whether it's in Chile. There are rumblings in Australia; there have been rumblings in South Africa. Obviously, the industry is making a huge amount of money at the moment, the way commodity prices are. Which regions do you think are most vulnerable in terms of seeing tax increases, and how can you manage that risk?

Mark Cutifani: I suspect Google, Microsoft, Apple are all having the same questions thrown at them as well, Myles. I think in the current environment, there is a COVID deficit that all of us are probably going to have to shoulder a little bit of the burden, either as individuals or businesses in most countries. Certainly, from what we've seen so far, the South African government has been very responsible and quite reticent to burden businesses with increased taxes, given their understanding of the importance of foreign direct investment, the importance of FDI. One would expect with the constitution in Chile, there might be a chance of a royalty. Brazil has talked about royalties, but generally very modest over time.

So, I think we're like everybody else in the business sector. There's a chance that we might have to pay a little bit more in direct taxes or in the form of royalties, but we probably will as individuals as well, so I don't think it's anything remarkable. I think it's a bit of an exposure, but so too everyone else is probably going to be looking at the same thing.

Steve, what do you think?

Stephen Pearce: Yeah, don't disagree, Mark, and I think if anything, some of the more developed countries have moved quicker to announce a tax – increase in taxes here in the UK, the US, etc. In South Africa, we had a slight decrease in the corporate tax rate.

A couple of extra comments. I think the strength in commodity prices actually bodes well for tax authorities because in mining companies in the world that we live in, increased earnings flow through directly into increased income tax very quickly, perhaps a little bit different to other industries. And we tend to pay it in the country where we mine and operate. And so, again, really transparent, really visible. And I would expect significant increases this year, next year, and hopefully the year after, which would hopefully help some of those mining countries limit the need to increase overall rates by as much as they would have otherwise because of the timing of the cycle that we're potentially in.

Anik Michaud: Yeah. Yeah.

Myles Allsop: Thank you.

Operator: And your next question comes from the line of Sylvainn Brunet from BNP Paribas. Please go ahead. Your line is open.

Sylvainn Brunet (Exane BNP Paribas): Good afternoon, gentlemen. My first question was on slide ten, which is the scorecard 2020. One of the few misses[?] was inhalable hazards exposure. So wondering if you could give us a bit more colour on which products we're talking about. Is that coking[?] coal we're talking about here? And which assets and whether [inaudible] are in place to address that.

And my second question is on the Umicore JV as well. Just get a bit more colour on these AP Ventures Funds that you talked about. So its size, its mandate and potential other ventures you are working on, please. Thanks.

Mark Cutifani: Okay. Firstly, on the inhalable hazards, I think we've got – we had a survey of diesel particulate in our platinum operations and in one area – I think it was in Zimbabwe we were using an incorrect standard and in actual fact, by calibrating, I think we've actually sorted those standards out and we're continuing to improve the particulate macro[?] across both those operations. So, in our system, anything like that where you've seen an increase in rate against the standard, we will record as an increase in inhalable hazards. So they are within requirements, but there's been an increase. So we're working on how we correct those issues through the use of catalytic converters and the various technologies.

Ultimately, we want to go to hydrogen, which means we remove these in particular from all of our underground operations. So, I think that's the difference in the inhalable hazards line. And I'm not looking at slide ten at the moment, but I'm pretty sure that's the issue.

And on the Umicore joint venture, I think you've also got to look at the Umicore joint venture in the context of our venture capital fund, where we put in $100 million – PRC was a $100 million investor. I think right across the board now, we've got over $325 million invested in a whole range of activities, looking at new applications, looking at palladium in batteries and a whole range of other potential applications.

I haven't got the exact number on Umicore. Stephen, have you got the Umicore investment number?

Stephen Pearce: No, sorry Mike, I don't have it to hand, but it's part of that suite of things. We set up AP Ventures a couple of years ago with those partners, as you spoke about to look at new and innovative uses and sponsoring smart people besides ourselves to bring new uses and new products.

Mark Cutifani: Yeah, it's got to be 30 to 40 – 30 to 40 a year, but we'll get that number and check that number. We're also partners with Umicore on element six, by the way. And so we are a global leader in Diamond Technologies as well. So, this is nothing new for us, and these are the sorts of things that we believe can really drive the demand for our products. And when we talk about driving down the value chain, these are the sorts of things we do in the sectors that we're in, particularly where we're a major player in that business. So, we'll give you a little bit more colour and scope on that post – and I'll pick it up at the half-year.

Yeah, sorry, Steve, yeah?

Stephen Pearce: The number here, just with that particular announcement, I understand is €2 million as part of that initial step with the announcement today.

Mark Cutifani: So, that's the JV part, but on spending on other stuff we're doing, it's well over the 30 a year. So, it's in of itself not a material step, but it's important in terms of the other things we're doing. And it's part of a broader suite of programmes were involved in.

Sylvainn Brunet: Good, thanks. And just lastly, anything that made you more confident that liquid organic hydrogen was going to work, that's prompted the investment at this particular point in time? Or is it just the longer-term process and you – it was the right time in there in their funding to step in there? Any development lately, or what were the challenges they were facing in that research?

Mark Cutifani: Well, firstly, the key players that we look for to guide us on the effectiveness of hydrogen research are companies like, in your country, Air Liquide, who are great leaders and Mr Benoit has been a key leader in the Hydrogen Council and really a driver, arguing that hydrogen will be the preferred fuel from 2030 onwards.

So, their work and their view is certainly those technologies can be solved very – relatively – in relatively short order. And the pace of improvement is quite – is exponential compared to other technologies. So, we think 2030, hydrogen becomes very, very competitive in a traditional sense, and that includes safety around all forms of transport

The thing from our point of view, and in Tony's application, where we use renewables to then create hydrogen and the hydrogen then we use to replace diesel, we think that by the late 2020s is actually competitive with traditional diesel fuel, particularly in South Africa. And that's why we're looking at the whole hub concept for South Africa. And Tony will start talking about that. I don't want to steal his thunder, by the way, so he'll talk about that in a month or so's time. But that really looks exciting and very different because what it does is it takes us into a – we think it gives us a more reliable energy source at a lower cost. And it also helps South Africa unload the grid a little bit as well. So, it's a win all around and certainly something we think's very exciting.

Sylvain Brunet: Great. Thank you.

Operator: And your next question comes from the line of Danielle Chigumira from Bernstein. Please go ahead. Your line is open.

Danielle Chigumira (Bernstein): Hi there. I think that's me. A couple of questions from my side. Firstly, on health and safety, so, you've obviously had some challenges on methane levels in the met coal mines. Have you diagnosed the reason for the ignition at Grosvenor? And what's the plan for keeping methane levels under control that Moranbah, given you've re-entered there? Could you give us a bit more colour on the timeline when they could be back to capacity?

Mark Cutifani: Yes. So, the two most important issues for us today on a health and safety perspective, obviously, the Grosvenor mine. In the mining side, the source of methane is still subject to final enquiry outcome. So I don't want to pre-empt that other than to say a lot of discussion around methane coming from the waste area, and there was a fall of waste in that area. So lots of conversation around that.

If that were to be the case, there are ways of dealing with that in terms of pressure sensors that might drop power if you were to have that type of thing. The other thing is on strata control, how we may deal with that, and the guys working on both those points in terms of the research.

In terms of ventilation, also looking at ways and means of improving the ventilation across the face that would also make sure that we don't bring methane potentially across the back of the longwall. That's another part of the research.

And then, in terms of potential sources of ignition, it could be the nature of materials on the face. And those issues have been identified and being researched on an industry-wide basis. Frictional strata have all been considered and again, will all be dealt with, I think, in the enquiry, certainly as part of our investigation.

So, I think the potential issues have each been identified, and solutions for each of those are being worked on. We've been very public about automating and removing people from those areas, and that's a work in progress as well and part of our new design. So, I think we've got the right approaches and the right solutions to each of the issues that we think have been identified. But we do need to stress that some of these will be industry issues as well, and that one of the things in the enquiry was that there were other mines that had higher methane levels. So I think it'll be a broader industry conversation. We're taking that into account in the timing. And the timing, I think that's really important.

I think in the main, the conversations and enquiry have been constructive, albeit a little bit difficult at times when people can't go back and comment on things because of the parallel mines department investigation, but those things will come through over time.

And so we have now re-entered Grosvenor. I think that's a really important milestone. So, now we'll work with the department on how we safely return the mine back to operation. But that's still months away. And we have to be very carefully stepped out, make sure everybody's comfortable, and in particular, employees have to be comfortable. There's a lot of work to be done. So, as I said, I'm pleased that we've stepped back in, but there's a lot of work still to be done.

In terms of Moranbah, it's quite a different issue. In Moranbah, we had a – if you like, a level of carbon monoxide in the waste area, which is quite a common occurrence in Queensland, where you have mines liable to some spontaneous combustion. Then as soon as we got the bit of gas, we did exactly as the rules provide, is we withdrew people from the mine; we monitored and we've continued to monitor with the mines department, making sure that we don't have further levels. And from the Saturday night straight up – I think it happened on the Friday – we had no further gas levels and we've had nothing since. We're currently pumping the area because the water builds up over time. So we're just currently pumping the area and we would hope certainly in the very near future, we'll be back accessing. But again, I don't want to pre-empt that, and I don't want to pre-empt the conversation our guys are in, but that's been followed appropriately, and I wouldn't think that's very far away at all. And the process is quite normal, albeit everybody's very sensitive, as we are, making sure it's all been done the right way. But the guys did everything to the book. No one impacted. All handled, I think, extremely well and certainly I would expect to be back in the operation in certainly the next month or two.

Danielle Chigumira: Right. That's very useful colour. Thank you. The last one from me, just following on from Alain's question, in terms of the ESG metrics being included in remuneration, could you give us some colour on the ones that are currently being included apart from the safety ones?

Mark Cutifani: Yeah, well, we do a lot of work on not direct safety outputs, but one thing I think is a bit different is we have a big elimination of fatalities programme, which is about managing risks on a much broader framework and removing – monitoring and removing those risks, whether it's working at heights, underground gas, a whole range of things. And that programme is a long, deep programme that we pay for progress on.

We also have health where we're monitoring people's health. And, for example, the people who have gone to doctors for diagnosis of HIV, people being on their antiretrovirals and making sure that we're above 90% across the board. So a whole range of health metrics.

Anik, on the ESG side, we've got a number of… Yeah.

Anik Michaud: So what I was going to say is that we're actually looking at that very closely. It's something that's evolving by the month. And we have a work stream cross-functional, cross-business work stream working on exactly developing these metrics that we're going to be reporting on.

Mark Cutifani: So, and environmental incidents. Yes, so, you seen environmental incidents –

Anik Michaud: The whole – yeah exactly.

Mark Cutifani: Environmental incidents, carbon gas improvement, water consumption reduction. Steve, keep going?

Stephen Pearce: So the LTIP 20% is split fairly evenly at the moment between GHG – so, greenhouse gas emissions and reductions in targets there on a [inaudible] equivalent basis, tailings facilities, making sure we've got all the new standards implemented across all of our operations, and then around social responsibility. So, some of the jobs with the communities, those sorts of things as well as then, as you say, in the shorter-term we're picking up more specific metrics in terms of annual performance improvement based on prior years.

Mark Cutifani: It also included our Social Way implementation as well.

Stephen Pearce: Yeah, correct.

Anik Michaud: And the fact that each site needs to have a five-year sustainability plan as well.

Mark Cutifani: Yes. Which is the S&P[?] version at each site.

Anik Michaud: Yeah.

Danielle Chigumira: Great, thank you.

Operator: And your next question comes from the line of Richard Hatch from Berenberg. Please go ahead. Your line is open.

Richard Hatch (Berenberg): Yeah. Thanks very much for the presentation. Three questions. First one. Just on the advisory resolution on climate for the 2022 AGM, can you perhaps just give us a bit more flavour on what that's going to look like or what that will entail? Thanks.

Mark Cutifani: Look, I think it's as simple as looking for feedback on our approach. Clearly the executive management team and the board are accountable for strategy and we want to articulate that in a clear and open way. And we're looking to hear shareholders' feedback on how we've put that and whether there are things that we should consider in other forms or structures. Steve?

Stephen Pearce: Yeah, well, I think you've captured it, Mark. We'll obviously be setting out our plans. Our targets, both short-term and long-term, will be all in the public domain by that point. And so, we'll really then be, I suppose, looking for endorsement, straight feedback on the journey that we will have set out.

Richard Hatch: Helpful, thanks. Thanks.

Mark Cutifani: It's really important that we give people an opportunity to give us a view.

Richard Hatch: Yes, I understand. Lovely. Thank you. Second one is just on GHG targets. I think I'm right in assuming that the South African thermal coal divestment isn't included within the 30%, but please correct me if I'm wrong, but it looks like you're tracking pretty well. And I completely understand that you don't count your chickens until they hatch. But is there scope potentially for an increase in your targets or at least, given the progress that you're making at the moment?

Mark Cutifani: I wasn't sure if I fully understand the context bit at the front, on the targets.

Richard Hatch: Let me rephrase it. That's all right, my wife's also confused most of the time. Basically, it feels to me that you're running very well with your GHG targets. So, my question is, will you raise them or not? And I suppose the second part of that question is just to confirm, is the Thungela divestment included within the 30% or not? I don't think it is, but just could you clarify that? Thanks.

Mark Cutifani: Sorry, now I get you. No, our 30% was scope 1, scope 2 stuff directly controllable, and it didn't include Thungela in the estimates. It was on the basis of the whole operating package. When we talk about 25% scope 3, we're saying the removal of thermal coal from the package would have an impact on scope 3, but at scope 1 and scope 2 it hadn't informed our targets, nor are we changing those targets, but we'll look at those targets on an annual basis anyway with – given that Thungela will be moved anyway.

Richard Hatch: Yeah, sorry, my – so sorry again. Clarification, and forgive me for not getting this. Given that Thungela has a contribution to scope 1 and scope 2, its divestment – does that mean that that will accelerate your – and be included within your 30% reduction target or not? It would just be – I would imagine not because it's a structural change, but you just might want to clarify that, sorry?

Mark Cutifani: Yeah, scope 1, scope 2, it's not a big contributor on a scope 1 or scope 2 level. It's only 4% of the earnings, and I haven't got the exact number, but it might be 5% of the scope 1 and scope 2. And don't forget we've added Woodsmith. So – and we're building Quellaveco, so you get ins and outs. So we just look at the whole.

Richard Hatch: Okay, so at this point in time, no plans to raise the target despite being ahead of track at the moment?

Mark Cutifani: Not at this stage. I think it's still a bit early for the 2030 targets. There's still a lot of work to be done. And Tony and the guys have got a good handle on what has to be done and where they might be able to do better. But it's a little bit early to put those into the targets yet because they're doing some really good work on new technologies that might improve things, but it would be a little bit – I was going to say, a little bit aggressive to put those into the targets at the moment. But as you would expect, Tony and the guys want to make sure we get ahead of the game. But again, I don't want to pre-empt what he's going to say in the next month or so, but there's a lot of hard work to be done.

Richard Hatch: Okay. Thanks. And then the last one is just on the Social Way. So, when I look at the pathway to implementation on the Social Way, it takes a really sharp spike from 2022, and it goes up almost in a straight line. So what is driving that, and what are you going to do differently to hit that target to implementation?

Mark Cutifani: I'll talk about the foundation, and then I'll hand across to Anik, but the implementation of the operating model continues, and we need that solid foundation. And Anik actually spoke very well to management routines. And that's what we're driving through the businesses to the GMs, building their management routines in the operations and then making sure that those management routines connect with and include the work we expect through Social Way. Anik?

Anik Michaud: Yeah. Thanks, Mark. And in addition to that, what we did is that we allowed each site to set the expectation about how they were going to implement the Social Way. And – but the deadline, it is a three-year implementation. So, some sites have actually decided to implement a lot of it in year one, whereas the vast majority are going to be implementing in the second and third year, which is why you see the uptick.

Richard Hatch: Okay. Right. Thank you.

Operator: There are no further questions at this time. I will now hand back to Mark.

Mark Cutifani: Okay. All right. Ladies and gentlemen, I'd like to say thank you for giving us the time. As you can see, from our point of view, the sustainability conversation is simply a conversation about our business and about all the things we do and how they connect. And for those that think separately, we don't.

By reducing our energy footprint, by reducing our water footprint, by reducing our physical footprint and increasing production intensity on a smaller footprint, that also reduces our capital intensity. And all of those numbers drive us to industry-leading returns, which is what we've delivered for the last seven years. And for us, this is a conversation about the way we run the business and the way we believe we can continue to improve the business so that people will continue to see improving returns. But those returns are also seen in their own way, through our communities, through governments and through all of our stakeholders. Because at the end of the day, if you haven't got all of those pieces connected and improving consistently going forward, then by definition, we don't believe you have a sustainable business.

And so, as we say, we've still got a long way to go. We're the first to acknowledge that we haven't got everything absolutely right. But we continue to learn and learn from where we haven't been successful or where we've made mistakes. And we also appreciate the questions and the interrogation that we get from yourselves as both investors and stakeholders in the business, and we hope that we can learn and evolve and improve together. And as I said, we're a very open, transparent organisation. And for those that wish to follow up and feedback and dig a little bit more, we're always open to those conversations.

So, again, thank you for the time and we appreciate your interest in this really important issue. And from us as a leadership team, thanks, and thanks for the feedback.

[END OF TRANSCRIPT]