Tax and Economic Contribution Report 2021



AngloAmerican

Re-imagining mining to improve people's lives

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

At Anglo American, we are working to make this future a reality – combining integrity, creativity and smart innovation, with the utmost consideration for our people, their families, local communities, our customers and the world at large – to better connect the resources in the ground to the people who need and value them. We are working together to develop better jobs, better education and better businesses, building brighter and healthier futures around our operations in our host countries and ultimately for billions of people around the world who depend on our products every day. We include here key metrics that highlight the tax and economic contributions of our operations.

Cover Image

After five years of drought, and poor serviced delivery, the people in Limpopo's Mapela villages were in critical need of a reliable water supply. Recognising this need, Platinum and Hall Core Drilling, together with the Mapela Task Team (as a community stakeholder group), developed a more sustainable plan under the umbrella of Hall CoreWater Mapela (HCWM), to provide the region (comprising 42 villages) with a combined total of about 70,000 residents) with 50 litres of water per person, per day.

Total tax and economic contribution[1] $m

	2021	2020[4]
Australia	**2,261.8**	2,305.6
Botswana	**1,041.7**	726.9
Brazil	**1,931.9**	1,342.8
Canada	**196.1**	471.3
Chile	**3,226.2**	2,890.1
Namibia	**538.5**	484.0
Peru	**1,333.8**	1,307.1
Singapore	**551.9**	132.3
South Africa	**9,134.7**	6,627.4
United Kingdom	**1,597.0**	1,689.3
Zimbabwe	**348.7**	214.9
Other	**250.7**	174.2
Total	**22,412.9**	18,365.9

Taxes and royalties borne[2] $m

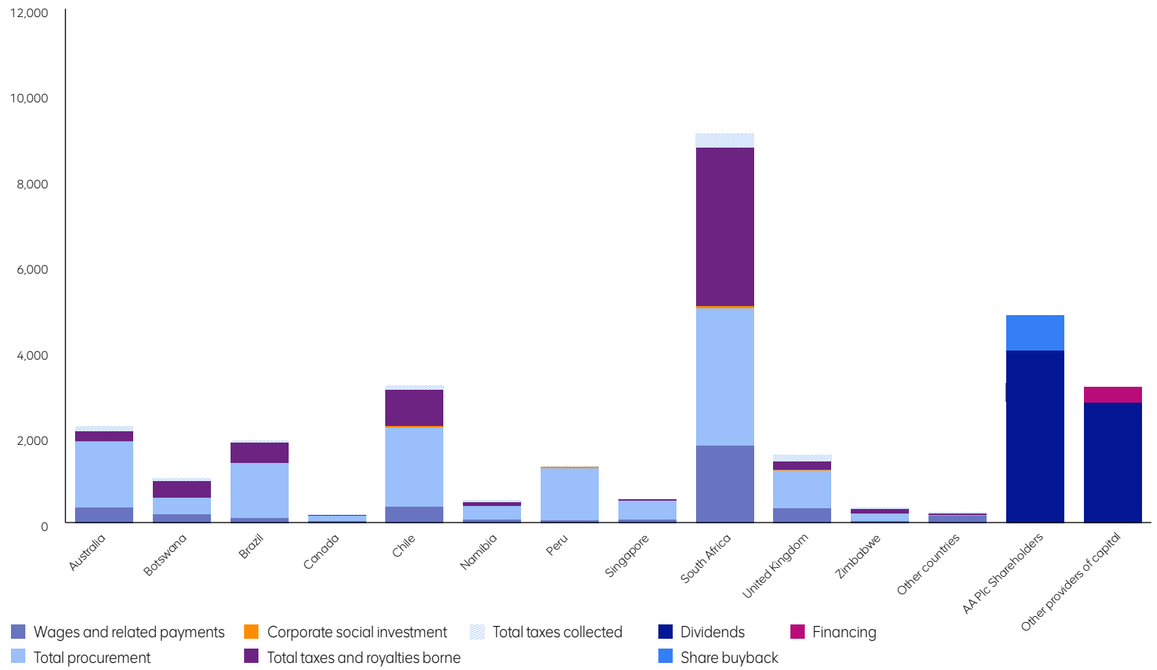
	2021	2020[4]
Australia	**244.0**	135.6
Botswana	**398.3**	234.9
Brazil	**465.0**	148.5
Canada	**8.5**	9.4
Chile	**849.6**	370.3
Namibia	**76.8**	132.2
Peru	**5.8**	9.5
Singapore	**36.3**	13.2
South Africa	**3,710.6**	1,560.5
United Kingdom	**199.6**	120.6
Zimbabwe	**109.7**	28.9
Other	**38.4**	26.8
Total Ⓐ	**6,142.6**	2,790.5

Number of employees[3]

	2021	2020[4]
Australia	**2,000**	2,000
Botswana	**3,300**	3,200
Brazil	**4,100**	3,900
Canada	**650**	700
Chile	**4,300**	3,800
Namibia	**1,500**	1,400
Peru	**750**	400
Singapore	**350**	300
South Africa	**41,450**	44,500
United Kingdom	**1,900**	1,500
Zimbabwe	**1,600**	1,400
Other	**1,700**	1,900
Total	**63,600**	65,000

(1) Total tax and economic contribution comprises of the sum of total taxes and royalties borne, taxes collected, corporate social investment, wages and related payments, and total country procurement, (including capital investment).
(2) Taxes and royalties borne are payments in respect of taxes directly incurred by Anglo American as a result of its economic activity. This amount is made up of corporate income tax, royalties and mining taxes, and other payments borne.
(3) Average number of Group employees, excluding employees of contractors, associates' and joint ventures' employees, and including a proportionate share, based on percentage shareholding of employees within joint operations.
(4) 2020 data has been rebased in order to provide like-for-like comparability as per the updated basis of preparation outlined on page 5.
Ⓐ The figures $6,142.6 million and $2,790.5 million have been subject to limited assurance by Pricewaterhouse Coopers LLP and is referred to as the 'Selected Information', in their assurance report on page 33. Basis of preparation as per page 32.

Total cash value distributed to stakeholders of $30.4 billion[5]



(5) Further information provided on pages 6-7 and pages 20-30.

About this report

This report demonstrates the importance to Anglo American of responsibility, compliance and transparency in relation to our tax and economic contributions as we strive to be a Trusted Corporate Leader.

To be a trusted leader it is important to listen to our stakeholders and regularly reassess ourselves against, not only our standards, but also best practice. This philosophy guides us in our journey of being open, honest and transparent.

The purpose and impact of a business cannot be assessed without understanding its tax and economic contributions, and the true value of these contributions cannot be assessed in isolation of their broader role in society. Transparency is not a destination that we want to get to, it is a dialogue we want to lead.

Our Tax and Economic Contribution Report is not just an opportunity to publish detailed breakdowns of our tax and economic contributions for all our major operating jurisdictions, it is also an opportunity to explain the principles and values that underpin our broader approach to tax, how we govern that approach, and how we engage with our stakeholders.

This, our eighth Tax and Economic Contribution Report, is our second to be explicitly prepared in accordance with GRI 207 disclosures for tax; although we had substantively met or exceeded many of the requirements prior to its formal adoption. This year, we have sought to provide additional explanation on how tax contributes to our Sustainable Mining Plan, including specifically in relation to our approaches to external engagement and tax risk governance.

We have also improved and amended the basis of preparation of the report this year; our Finance Director Stephen Pearce explains these differences on page 5. We have included prior year data in line with the new basis, where relevant.

Scope of the report
The purpose of this report is to provide an overview of the tax and economic contribution made by the Anglo American Group, and further transparency on how tax is managed as part of the Group's overall commercial activities. See page 32 of this report for more details.
Computational discrepancies may occur due to rounding.

Other sources of information
More information about sustainability at Anglo American, including an Excel download of our sustainability data, business unit sustainability reports, and historical reports, can be found in our Integrated Annual Report and online at www.angloamerican.com

Contents



06. Total cash value distributed to stakeholders

Here we demonstrate how our stakeholders benefit from the total cash value generated and distributed.



09. Living our Tax Strategy in 2021

Read how we bring our Tax Strategy to life through examples from 2021.



11. GRI 207: Tax

Here we set out how we fulfil the GRI disclosures on tax. The full suite of wider disclosures under GRI Principles can be found in the Sustainability Report.



15. Tax and the Sustainable Mining Plan

We set out how our Group Tax Strategy and Values align to our Sustainable Mining Plan and give examples from 2021.

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Our reporting suite

You can find this report and others including our Integrated Annual Report, Sustainability Report (including our wider GRI disclosures), and the Tax and Economic Contribution Reports for previous years (alongside the country-by-country reporting appendices) on our corporate website:

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



FutureSmart Mining™

FutureSmart Mining™ – Our innovation-led pathway to sustainable mining – is fundamentally changing the way we extract, process and market metals and minerals, providing our next step-change in operating and financial performance.

→ **For more information, visit:** angloamerican.com/futuresmart/futuresmart-mining



Social channels

AngloAmerican · @angloamerican · Anglo American
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Our business at a glance

Anglo American is a leading global mining company, with a world class portfolio of mining and processing operations and undeveloped resources, with more than 106,000 people working for us around the world, in 15 countries.

We provide many of the essential metals and minerals that are fundamental to the transition to a low carbon economy and enabling a cleaner, greener, more sustainable world, as well as meeting the growing consumer-driven demands of the world's developed and maturing economies. And we do so in a way that not only generates sustainable returns for our shareholders, but that also strives to make a real and lasting positive contribution to society as a whole.



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

Base Metals

Diamonds
$1,100 million
Underlying EBITDA◊

5%
Group underlying EBITDA◊

32.3 Mct
Production (100% basis)(1)

Copper
$4,011 million
Underlying EBITDA◊

19%
Group underlying EBITDA◊

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

647 kt
Production

Nickel
$320 million
Underlying EBITDA◊

2%
Group underlying EBITDA◊

41.7 kt
Production: Nickel

PGMs
$7,099 million
Underlying EBITDA◊

34%
Group underlying EBITDA◊

4,299 koz
Production: PGMs

Bulk Commodities

Iron Ore
$6,871 million
Underlying EBITDA◊

33%
Group underlying EBITDA◊

40.9 Mt
Production: Iron ore – Kumba

22.9 Mt
Production: Iron ore – Minas-Rio

Metallurgical Coal
$962 million
Underlying EBITDA◊

5%
Group underlying EBITDA◊

14.9 Mt
Production: Metallurgical

Manganese
$315 million
Underlying EBITDA◊

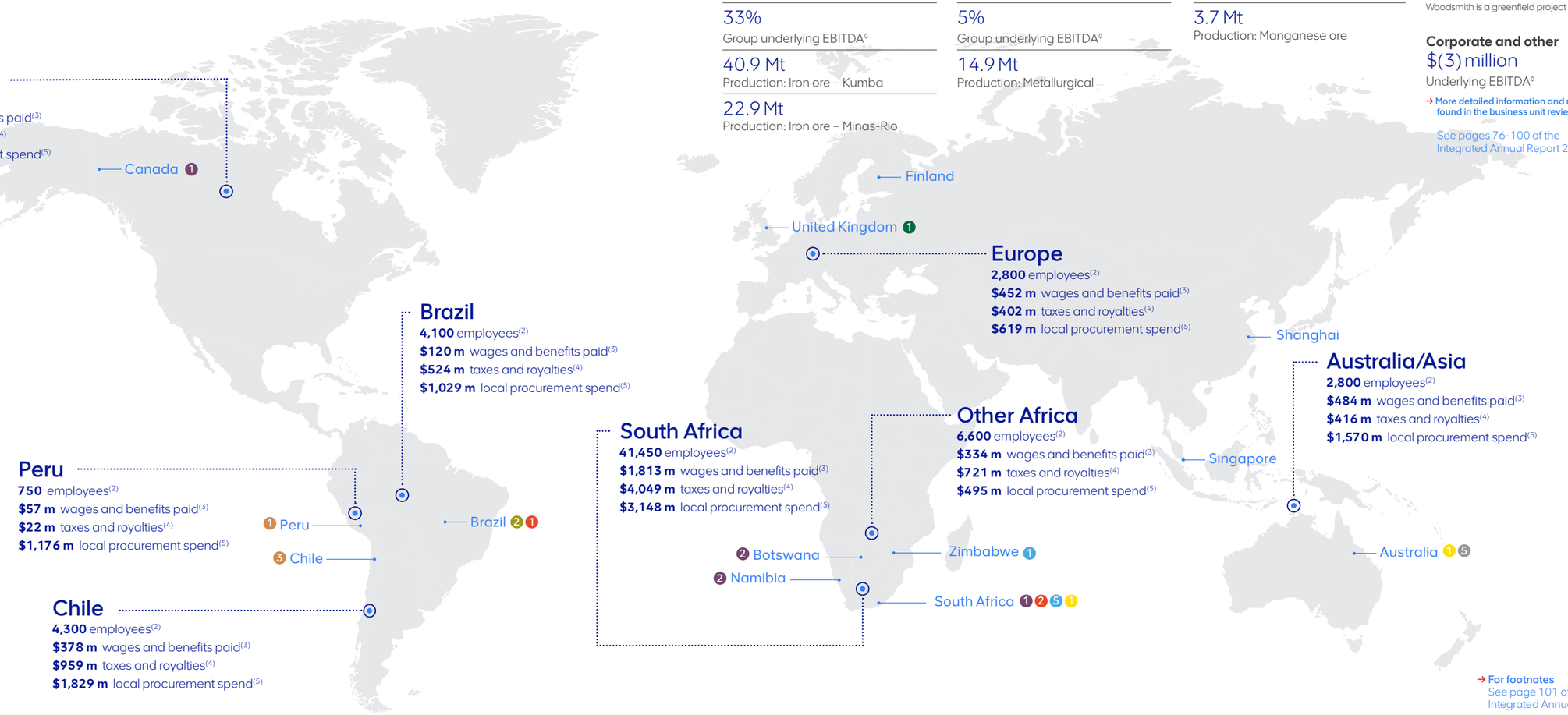
3.7 Mt
Production: Manganese ore

Crop Nutrients
$(41) million
Underlying EBITDA◊

Woodsmith is a greenfield project

Corporate and other
$(3) million
Underlying EBITDA◊

→ More detailed information and maps can be found in the business unit reviews
See pages 76-100 of the Integrated Annual Report 2021



→ For footnotes
See page 101 of the Integrated Annual Report 2021

Re-imagining mining to improve people's lives

As our Finance Director, Stephen Pearce, sets out on page 5, this year our full suite of reports is better aligned to provide a more cohesive and comprehensive view of the sustainable value that our activities generate for all our stakeholders, and the context within which each of those contributions sit. I recommend you read this Tax and Economic Contribution Report together with our Integrated Annual Report and our Sustainability Report for more detail on the wide range of meaningful initiatives and other societal investments we have made across our business footprint. There is also a wealth of information on our website about the full breadth of our sustainability performance, including our work with host communities, and how we are *Re-imagining mining to improve people's lives.*

In early 2018 we set out a series of stretching goals spanning the full breadth of sustainability, in the shape of our Sustainable Mining Plan (SMP) – integral to our FutureSmart Mining™ programme. We are making good progress towards the delivery of those goals, but we also recognise that the world moves on, as do society's expectations of us. Our commitments must be relevant and stretching, so we will continue to evolve them across our business. Likewise, we have raised the bar again in terms of social performance, through our Social Way 3.0 – a rigorous management system to drive consistently better outcomes for host communities. Just as financial performance presents an opportunity for differentiation, we see sustainability no differently – it is integral to how we all work and to our overall business performance.

Anglo American's Purpose of *Re-imagining mining to improve people's lives* guides our delivery of sustainable value to our shareholders, our employees, and our broader business and societal stakeholders, and once again this report demonstrates the breadth of our significant financial and other contributions.

In this report, we set out our Total Tax and Economic Contribution of $22.4 billion for 2021, and place it into its full context, by demonstrating the additional $8.1 billion of returns to providers of capital too.

During our interim results presentation in July, Stephen explained how proud he was of the large amount of taxes and royalties that we pay and the broader financial contributions we make. This report demonstrates that we pay our taxes in the countries where the profits arise, that is, in our host countries. Therefore, when metal and mineral prices rise, so of course do our tax payments and royalty contributions. We believe this is a sure sign that the tax systems are working as they should in relation to our activities, resulting in significantly increased benefits for our stakeholders.

The need to reform the international tax system in light of the impacts that digitalisation and globalisation have had on businesses is a very live topic, and global agreements in 2021 to reform the international framework are welcome. Anglo American has continued to play an active and forward-looking role in these discussions, advocating for greater transparency and improvements to policy and regulations – just one example of the way in which we seek to be a Trusted Corporate Leader. This year we have provided case studies that give more context on the significant contribution our specialist tax team makes through their specific sustainability commitments on pages 15-18. It's not just what we do that's important, it's also the way that we do it and why.

When we first delivered our Tax and Economic Contribution Report, two years after I was appointed Chief Executive of Anglo American, we believed we were a front runner in developing the best practice metrics in this area, for which we were recognised. Over the years, we have added to, and improved, our reporting and considered and discussed with stakeholders the best ways to add meaningful information to the debate. This year, in the final Tax and Economic Contribution Report of my tenure, we have decided to once again proactively enhance our tax transparency reporting by setting best practice principles from those stakeholder discussions at the heart of our reporting and reporting how the value that we generate is shared in cash terms with all of our stakeholders.



"I am deeply proud of the contribution that Anglo American, and the mining industry more broadly, makes to the countries and communities in which we operate.

We make a real difference to the lives of local people, acting as catalysts for positive change. I do not think many industries can demonstrate such a positive contribution to the countries where they earn their profits as mining does."

This, our eighth Tax and Economic Contribution Report, demonstrates the continuing progress we have made in our journey of transparency in tax reporting, built on already strong foundations. It sets out the enduring and broad-based nature of our economic contribution to society and our commitment to our host countries and communities with both the numeric data, as well as examples of initiatives and practices which exemplify Anglo American's Values.



Mark Cutifani
Chief Executive

Finance Director's statement



"This year marks a big change for our Tax and Economic Contribution Report – incorporating a range of improvements to its timing, its data, its comparability to our broader suite of reporting, and the narrative that brings the context of Anglo American's extensive contribution to life."

Ever since we started our enhanced tax transparency disclosures in 2005, we have sought to be a leader in the information that we provide to our stakeholders, making incremental improvements year-on-year. As we all know, a lot has happened since 2005. Not least, a range of mandatory and voluntary reporting standards has been introduced – all of which we have supported as mechanisms to provide relevant and consistent data to stakeholders about our and other taxpayers' tax contributions.

As our Tax and Economic Contribution Report has developed, so too has the importance of sustainable business practices more broadly to our stakeholders and to society as a whole. In a similar vein, we also adopted the principles of Integrated Reporting for our Annual Report, and progressed our Sustainability Report to include the full scope of how our stakeholders experience our business.

The link between tax and sustainability has been cross-referenced throughout our reports for over a decade, but the two reports were to serve different stakeholders. While we believe that the content of each report should remain separate in order to provide due focus for separate stakeholders, we know that growing numbers of stakeholders view our tax contributions as a key measure of the Group's licence to operate.

Our engagement with a range of stakeholders tells us that as well as the data included in this Report (and our other published tax data – as detailed on page 8), along with the Board approved commitments of our Tax Strategy, our stakeholders value understanding the context in which they have been delivered and the bigger picture.

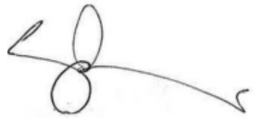
So 'context' has been the word at the front of our minds as we have reformulated our Tax and Economic Contribution Report this year. At every stage we have asked ourselves what data our stakeholders would find most useful, what context we can provide to help the understanding of how our contributions fit within our broader business and sustainability outcomes, and what context we can give on how our tax governance shapes our confidence that we are truly living our Tax Strategy in line with the Group's Values and Purpose.

This year, we have implemented the following major changes throughout this report:

Previously included:	Changes made in this year's Tax and Economic Contribution Report
1 In prior years, we have included a range of data points on the tax and economic contributions made to each stakeholder group in each country in which we have major operations.	Given that the Group also generates and distributes value for and to a range of other stakeholders (such as shareholders and other providers of capital), and without diluting the detailed disclosures, we have developed a 'Total cash value distributed to stakeholders' metric that shows how the overall economic value that we generate is distributed. We have also changed how we present the expenditure we incur where it is relevant for multiple categories of our tax and economic contribution; this year we are clearer that capital investment forms part of our procurement spend, and that while employee taxes are a cost of employment, they are not akin to wages.
2 In prior years, we sought to publish this Report to coincide with our AGM, which was usually two months after our Annual Report and Sustainability Report were published.	Given the benefits to stakeholders in understanding the context of our tax and economic contributions in assessing our financial and sustainability performance, this year we have accelerated the timetable for preparation and publication to align with our wider suite of reports.
3 In prior years, we showed all of the contributions of each of the assets that we had significant investments in, so that stakeholders could best understand the value of total operations in which we had an interest in their country.	Given the benefits to stakeholders of an aligned approach between this Report and our Sustainability Report, we are now using an improved approach for both reports, which is more closely aligned to our financial accounting, while continuing to show actual cash payments rather than amounts accrued. We are including 100% of our controlled and financially consolidated operations, and our equity share of our proportionally consolidated joint operations. Contributions from our equity accounted joint ventures such as Samancor will no longer be included. In addition our 33.3% share in Cerrejón was sold with an effective economic date of 31 December 2020 and therefore not included in this Report. Given the basis of preparation (see page 32 for details) has changed in relation to several assets and countries, we are also this year including prior year comparatives calculated on the same basis as this year's Report.

These changes have not been without challenges in terms of data gathering, but we believe that the aligned timing, metrics and data sources will enable stakeholders to better understand the breadth of how we generate and distribute economic value across our major jurisdictions and stakeholder groups.

I hope that you find the detail within this report of interest, and that by including selected examples (from the many we could choose) it gives you more clarity and context as to how we strive to live by our values in everything that we do.



Stephen Pearce
Finance Director

Total cash value distributed to stakeholders of $30.4 billion

This year we have improved and expanded the reporting of our tax and economic contributions in order to provide greater context in explaining how each of our stakeholder groups benefit from the total economic value we have generated and distributed.

The value we add comes in many forms. We take a long term view so that not only do we contribute the following types of value each year, we also design our operations and community development initiatives so that communities and economies can continue to thrive long after our mines close.

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

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

Rebasing 2020 data

As set out in the Finance Director's statement on page 5, the 2020 comparatives have been rebased to align with the improved metrics used in the current year. This gives true comparable figures on a like-for-like basis.

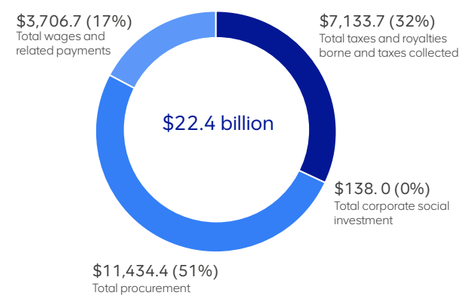
Employees: wages and related expenditure in 2021 of $3.7 billion

Our people are critical to all that we do: we create working environments and an inclusive and diverse culture that encourages and supports high performance and innovative thinking.

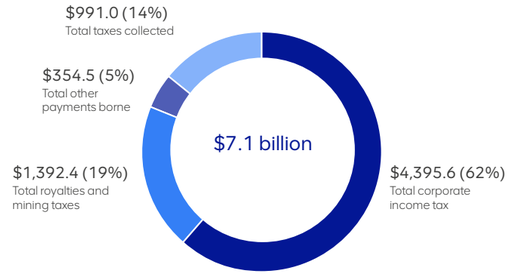
Our first priority is always employee safety. Safety comes foremost; we train, equip and empower people to work safely every day.

See page 16 for examples of how the Group's commitment to employees was, once again, demonstrated in 2021 by various initiatives and awards.

2021 Total tax and economic contribution $m



2021 Total taxes and royalties borne and taxes collected $m



2021 Total taxes and royalties borne and taxes collected: developing vs developed countries $m

Developing	6,348.8	89%
Developed	784.9	11%
Total	7,133.7	

2021 Local procurement spend $m

Total local procurement	9,976.8	87%
Total procurement	11,434.4	100%
Total	11,434.4	

Taxes and royalties borne and taxes collected in 2021 of $7.1 billion

The royalties and taxes we pay (and collect) add economic value to a country. They are levied by tax administrations to fund socio economic projects in line with that government's ambitions.

We see the taxes and royalties that we pay as a critical part of our licence to operate and we are proud that we pay them in the countries where we undertake our economic activities.

Set out on pages 20-30 of this report are more details of the breakdown of taxes and royalties borne and collected for each of our key jurisdictions.

Procurement spend in 2021 of $11.4 billion

We also ensure that our business operations deliver economic value to communities by our policies on inclusive procurement, local recruitment and supporting local suppliers.

By investing in local suppliers as far as possible we increase the wealth of the people who live and work in the countries in which we operate. In this report we demonstrate the total procurement spend for each key operating country, and furthermore show the relevant amount of local procurement by comparison. This helps our stakeholders understand the benefits we make as a result of local procurement.

Launched in 2010, our Local Procurement Policy provides a framework for supporting development outcomes through targeted procurement initiatives. This policy is further strengthened by region-specific policies. Local procurement strategies articulate the value to Anglo American and local communities. The measurement of local procurement varies between operations, and is informed by a combination of development outcomes and legal requirements.

In 2021, our total cash value distributed to stakeholders totalled $30.4 billion.

This comprised of the following:

$3.7 bn
To our employees through wages and related expenditure

$7.1 bn
Paid in taxes and royalties borne and taxes collected

$11.4 bn
Paid to suppliers (including in respect of capital investment)

$138.0 m
Spent on Corporate Social Investment (CSI)

$8.1 bn
To providers of capital (of which $433m was paid to lenders, dividends of $2.8bn were paid to non-controlling interests, and $4.9bn was paid to Anglo American plc shareholders)

Local procurement occurs on multiple levels, and often as a combination of factors, including procurement from host, indigenous and previously disadvantaged communities. See the Sustainability Report for more information.

We actively manage our asset portfolio to improve its overall competitive position, continuing our trajectory towards future-enabling metals and minerals that are essential to decarbonise energy and transport and that support a growing global consumer population.

Each year the Group reinvests heavily in the assets we own. In 2021, the Group reinvested a total of $5.4bn from overall profits into the future profitability of the business. This is turn will benefit all our stakeholders (both internal and external) around the world.

Corporate social investment in 2021 of $138.0 million

Another key element of our economic contribution to society is our investment in our employees and communities. This collaboration with local partners addresses local needs, provides skills and education and builds sustainable local economies that are less dependent on our mines.

A full explanation of how we classify corporate social investment can be found in the Sustainability Report. Broadly, however, it comprises of charitable donations, community investment and commercial initiatives.

There must, however, be a clear and primary element of public benefit. We prohibit the making of donations for political purposes to any politician, political party or related organisation, an official of a political party or candidate for political office in any circumstances either directly or through third parties.

In 2021, our corporate social investment reached $138.0 million (2020: $125.3 million). Since the beginning of the pandemic in 2020, we have increased our corporate social investment investment and slightly readjusted our funding priorities, investing more in health.

In mid-2021, we broadened the scope of our programme of matching employee donations to select charities to remove the requirement linking funding to Covid-19 and to make it available to all employees worldwide.

We expanded our global employee volunteering programme, Ambassadors for Good, to include Peru, Ireland and Germany (Element Six).

Returns to providers of capital in 2021 of $8.1 billion

Investors who share in the risks of the Group via debt funding are compensated via interest paid on external financing. Investors who purchase shares in the Anglo American Group receive a return via dividends or, occasionally, via share buyback.

Underpinning our strategy, we have a value-focused approach to capital allocation; sustaining our operations and maintaining asset integrity; and the payment of a base dividend (determined on a 40% underlying earnings-based payment ratio), while ensuring a strong balance sheet.

All remaining capital is then allocated based on a rigorous and balanced investment appraisal approach that identifies and delivers projects that will have a net positive impact for our shareholders, the communities in which we operate, and that are aligned with our strategic priorities. Discretionary projects that further our strategic ambitions are assessed against financial and non-financial metrics to deliver holistic accretive value. In 2021, a special dividend was paid and an on-market share buyback programme took place. More detail can be found in the 2021 Integrated Annual Report.

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South Africa	**41,450**	44,500
United Kingdom	**1,900**	1,500
Zimbabwe	**1,600**	1,400
Other	**1,700**	1,900
Total	**63,600**	65,000

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Tax Strategy and our approach

Tax Strategy

Our 2021 Group Tax Strategy continues to be approved by the Board and can be found on our website:
→ www.angloamerican.com/tax-strategy

Our strategy is closely aligned with the Responsible Tax Principles of the B-Team, a not-for-profit initiative that aims to encourage a better way of doing business. A key pillar of our Tax Strategy is transparency, which includes publishing details of how we seek to engage with stakeholders as a Trusted Corporate Leader.

Responsibility

Our Board sets our Tax Strategy and is ultimately accountable for our compliance with it. Responsibility for ensuring compliance is delegated to our Group Head of Tax, Zahira Quattrocchi, who is overseen by our Finance Director, Stephen Pearce, and Audit Committee. Our Group Head of Tax is supported by a global team of experienced tax professionals.

Compliance

We are committed to paying the right tax at the right time. We recognise the importance of respecting the spirit and letter of the law, including aligning tax treatment with commercial reality. We seek certainty on tax matters where possible. In all our dealings with tax authorities, including where we seek certainty, our relationships are centred on transparency. Where tax authorities have adopted co-operative compliance arrangements, we will favourably consider participation.

As set out in our Tax Strategy, we allocate value by reference to where it is created and managed within the normal course of commercial activity, and we pay tax on that basis. We do not use tax haven jurisdictions to manage taxes and we follow international tax transfer pricing guidelines to ensure that the right value is allocated to each country in which we operate.

Transparency

This report demonstrates our commitment to tax transparency to our stakeholders. We see the benefits of this transparency with all our stakeholders, including:

- Shareholders: the knowledge that we are deeply committed to good tax governance and responsible tax practices, thereby mitigating tax risk
- Tax authorities: the development and maintenance of long term, open and constructive relationships
- Communities: understanding the economic benefits that are attributable to mining activities in each region
- Others: making a meaningful contribution to ongoing tax and transparency debates. We proactively engage with industry bodies, business forums and civil society.

Tax Mission

To be a respected partner, creating sustainable value and leading change

Tax Strategy Summary

Principles

01	02	03	04	05
Core element of governance overseen by the Board	Aligned with Group's Values, Purpose, and Sustainable Mining Plan	Pay the right amount at the right time in the right place and respect the spirit of the law	Only use business structures driven by commercial considerations, aligned with business and substance	Seek to engage positively and constructively

Our approach and policies

Public disclosure is essential to building trust in the mining industry. We have voluntarily provided information about tax payments in each of our business units for many years and our first Tax and Economic Contribution Report was published in 2014 to provide details for all our major operating jurisdictions of the taxes and royalties we pay, the taxes we collect and the other key economic contributions that we make to local economies, such as wages/salaries and procurement (including capital investment).

In 2019 we went further and commenced publishing our country-by-country report each year, an OECD standardised document that we were already submitting to tax administrations each year which details key tax data points across all countries. Simultaneously, we contributed to the development of the Global Reporting Initiative (GRI) 207 tax standard, which gives stakeholders better comparability and better data from GRI participating groups by ensuring data is provided on:

- Approach to tax
- Tax governance, control and risk management
- Stakeholder engagement
- Country-by-country data including narrative on effective tax rates

We ensured that our 2020 Tax and Economic Contribution report and its country-by-country appendix was fully compliant with GRI 207 in 2021, the first year that the standard came into effect.

This year, we have accelerated the publication of this Tax and Economic Contribution Report to coincide with the Sustainability Report. We have also updated the bases on which the report is prepared to align with our broader reporting suite and emerging industry best practice.

Our separate Payments to Government Report has fully complied with Chapter 10 of the 2013 EU Accounting Directive (2013/34/EU) through its UK adoption (UK Reports on Payments to Government Regulations (SI 2014/3209)) since it was introduced.

Our report discloses information that satisfies the requirements of the following transparency initiatives:

- UK Reports on Payments to Governments Regulations 2014 (SI 2014/3209)
- Chapter 10 of the EU Accounting Directive (2013/34/EU)
- Global Reporting Initiative 207 (Tax:2019) which include public country-by-country reporting
- Australian Board of Taxation Voluntary Tax Transparency Code
- United Kingdom's 'Publish Your Large Business Tax Strategy' (which is a requirement as a result of our UK listing).

Furthermore we support the Extractive Industries Transparency Initiative. We participate directly as one of four mining companies represented on the EITI board. We participate indirectly as part of the International Council on Mining and Metals, and take part in the Multi-Stakeholder Groups initiative in Peru, Ecuador and Zambia – the three countries that are members of the EITI and where we have mining operations or other activities.

We endorse the Responsible Tax Principles set by the B Team (a not-for-profit initiative which aims to catalyse a better way of doing business, for the well-being of people and the planet), and are an active participant in the B-Team's work on tax.

Living our Tax Strategy in 2021

Tax Strategy – 2021 developments

Transparency

Our continuing journey of best practice transparency was recognised by the Dow Jones Sustainability Index for the year 2021. We are proud to note that this external review body scored us at 100% in the three categories of 'tax strategy', 'environmental reporting' and 'social reporting'.

Furthermore, overall Anglo American plc was awarded a bronze class in the @SPGlobal Sustainability Yearbook 2022.

→ More details can be found at https://www.spglobal.com/esg/csa/djsi-csa-annual-review

Sustainability Award
Bronze Class 2022
S&P Global

We continued to improve and enhance our tax reporting as set out in this report, and as evidenced in our publication of the reporting information required under GRI 207: Tax. This best practice reporting guidance came into effect on 1 January 2021 and many measures are those that we had already adopted, while other elements, such as the country-by-country reporting requirement (set out under GRI 207-4 topic disclosures) was information that we already published in OECD guideline format, presenting our revenues, profits, taxes, capital and employees (amongst other data points) on a jurisdiction-by-jurisdiction basis.

External engagements and commitments

The Group is an active member of a range of industry associations, and in line with our ambition to be a Trusted Corporate Leader we seek to engage in a broad range of formal and informal consultations on domestic and multilateral issues of relevance to the Group and to broader society.

Industry associations play an important role for Anglo American around the world. Our memberships of, and partnerships with, industry associations allow us to share best practice and be well informed on relevant technical, political and social developments. They also offer a route for Anglo American's voice to be amplified alongside peer companies in policy and other debates. The full list of Industry Associations with which the Group engages can be seen by following the link below.

→ For more information on the Group's broader approach to policy influence see pages 46 and 47 of the Anglo American Sustainability Report

In terms of international policy, the key trade groups we engage with are the International Council on Mining and Metals, Business @ OECD, the International Chamber of Commerce, and the Confederation of British Industry. We will also respond directly to consultations where we believe we can offer a unique and valuable perspective.

In addition to Industry Associations, we also seek to work with other groups to promote responsible tax practices and tax transparency, such as the B-Team and the European Business Tax Forum. Furthermore, members of our tax team also engaged in a range of public speaking engagements in relation to these issues, and on broader tax policy issues such as the future of mining taxation, and the tax challenges of digitalisation.

In 2021, we participated directly and indirectly in consultations and stakeholder engagements; such as:

- Public consultation on Global Anti-Base Erosion (GloBE) Proposal under Pillar Two of the OECD's efforts to address the tax challenges of the digitalisation of the economy
- OECD consultation on the review of BEPS Action 14
- OECD Roundtables on improving Tax Morale
- IGF Consultations on Tax Treaty Practice in Mining Countries
- UK consultations on Notification of Uncertain Tax Treatments, Transfer Pricing Documentation, Corporate re-domiciliation, Restoring trust in audit and corporate governance, Treaty reviews, and review of Large Business Compliance Review.
- Multilateral stakeholder groups on the topic of co-operative compliance best practice
- Working parties to assist in the development of the CBI's green tax principles and the ICC's carbon pricing principles
- A range of tax policy forums at a local and regional level in the countries of our operation.

This involvement reflects the seriousness with which we make our economic commitments to the jurisdictions in which we operate.

In relation to our work on co-operative compliance during 2021 we were particularly proud to continue to actively participate in the workstreams run by the Vienna University of Economics and Business, in collaboration with the International Chamber of Commerce and the Commonwealth Association of Tax Administrators. The work culminated in a published report setting out best practice and advice on the co-operative compliance concept. The report has been well received, and is being used globally by tax authorities and tax practitioners. The aims of this project include identifying and developing best practice guidelines in the area of co-operative compliance and undertaking and evaluating pilot studies (including in jurisdictions in which we operate). Consistent with our commitments to tax transparency and good governance, we consider this project to be a positive development towards enhancing the relationships between, and improving tax certainty for the benefit of, taxpayers and tax administrations. We will continue to be actively involved in the next steps of this project along with a wide range of taxpayers, tax administrations, advisers and academics.

Governance

Responsibility, compliance and transparency principles are all embedded in the improvements we have made this year in our tax governance and risk processes.

More detail can be found on page 10 detailing the enhancements made in 2021.

Tax factors affecting the mining industry

Mining is a long term business and therefore fiscal factors, as well as political and economic factors, impact investment decisions and long term operational strategies.

Jurisdictions with the following tax characteristics assist in the development of strong longer term relationships with taxpayers.

Tax policy and administration

- Tax regimes which are stable and with predictable rules, introduced prospectively, with stakeholder consultation.
- Tax legislation that follows internationally agreed principles and therefore fosters certainty.
- Tax administration procedures which give reliability over acceptable reimbursements and timing of any due refunds.

Basis of taxation

- Tax should be levied on a fair and equitable basis, enabling risk and reward to be shared between the investor and government, supporting long term investment and job and wealth creation.
- Tax should generally be levied on profits so that appropriate tax revenues can be raised at the appropriate time.
- Detailed tax rules should take account of the specific characteristics of the mining industry, including relief for exploration, infrastructure expenditure and appropriate reliefs for capital expenditure.
- Any mining-specific taxation should typically be in the form of a mining royalty or mining tax based on profit rather than revenues.

Tax governance and risk management – 2021 developments

Over the last 24 months, we have designed, implemented and operationalised an enhanced Tax Governance and Risk Management framework which supports the achievement of the principles outlined in our Tax Strategy. In 2021 we have made further progress as set out below.

Our Board sets our Tax Strategy and is ultimately accountable for overseeing the Group's compliance with it. Operational accountability for ensuring compliance with the Tax Strategy is delegated to the Group Head of Tax who, supported by a global team of experienced tax practitioners, is responsible for managing the tax affairs of the Anglo American Group, and ensuring that our tax policies (which govern the way tax is managed across the Group) fully embed our Tax Strategy throughout the business.

The Tax Strategy defines our approach to tax through three key pillars being: responsibility, compliance, and transparency. Tax governance and the management of tax risk are core to the responsibility pillar of our approach to tax.

Our Tax Risk Management Policy (TRMP) establishes a consistent and comprehensively applied methodology for the identification, assessment, management, escalation and reporting of tax risks.

The TRMP applies to taxes across all jurisdictions, and addresses:

- Specific/judgment-based risks – providing clear management pathways and decision criteria for dealing with areas of genuine uncertainty in the tax law
- Operational/process risks – establishing clear principles for analysing, evaluating and treating (with mitigating controls) tax risks which are in inherent in our business activities.

All Group Tax team members attend compulsory tax risk management training, covering the core requirements of the TRMP.

Operational and process tax risks, inherent in our business activities, are managed through our tax control framework (TCF). Having a robust TCF is an integral component of our Tax Governance and Risk Management Framework.

The TCF is a global framework which sets clear accountabilities and responsibilities for tax risk management and assurance through a three lines of defence model:

- The first line: our team of tax professionals and broader business stakeholders, responsible for delivering on the Tax Strategy in the context of the broader business objectives. The first line owns and manages risks and controls in accordance with the Tax Risk Management Framework
- The second line: our dedicated Tax Governance, Risk and Compliance (GRC) team, responsible for developing and maintaining the Tax Risk Management Framework within which the first line operates. The second line provide oversight, support, monitoring (through control review and testing) and ultimately a level of assurance over the effectiveness of the Tax Risk Management Framework
- The third line: the internal or external independent assurance provided to management and the Audit Committee on the adequacy and effectiveness of the Tax Risk Management Framework.

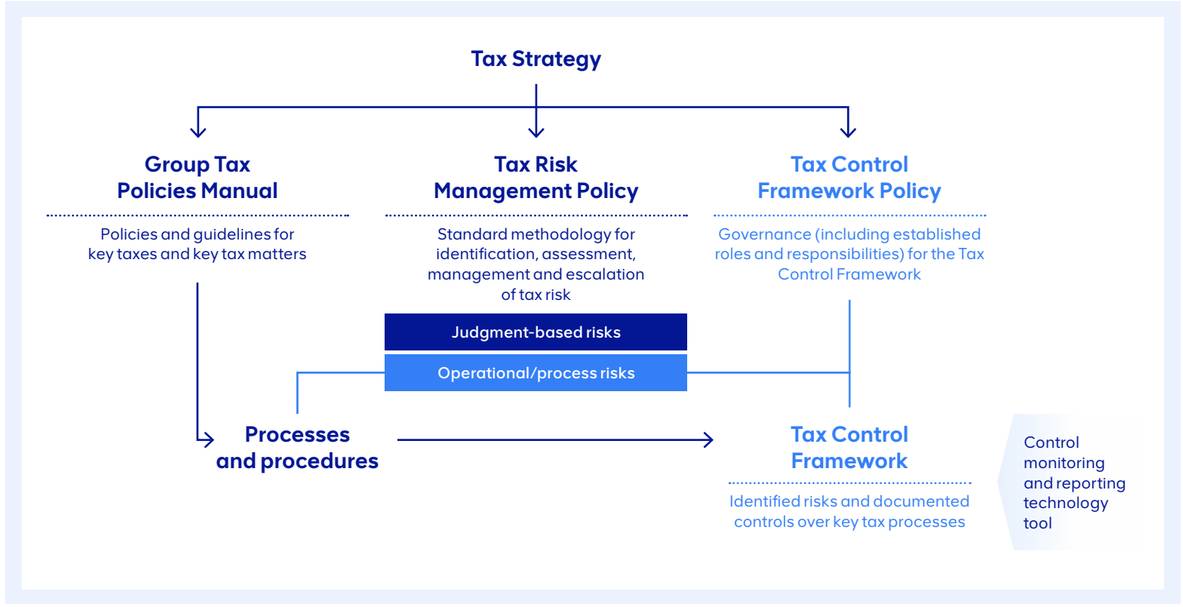
The TCF sets a global minimum standard of control across the Group and provides the framework within which we dynamically respond to new and changing tax risks across the Group. We believe the TCF will help facilitate transparent and co-operative relations with the tax authorities.

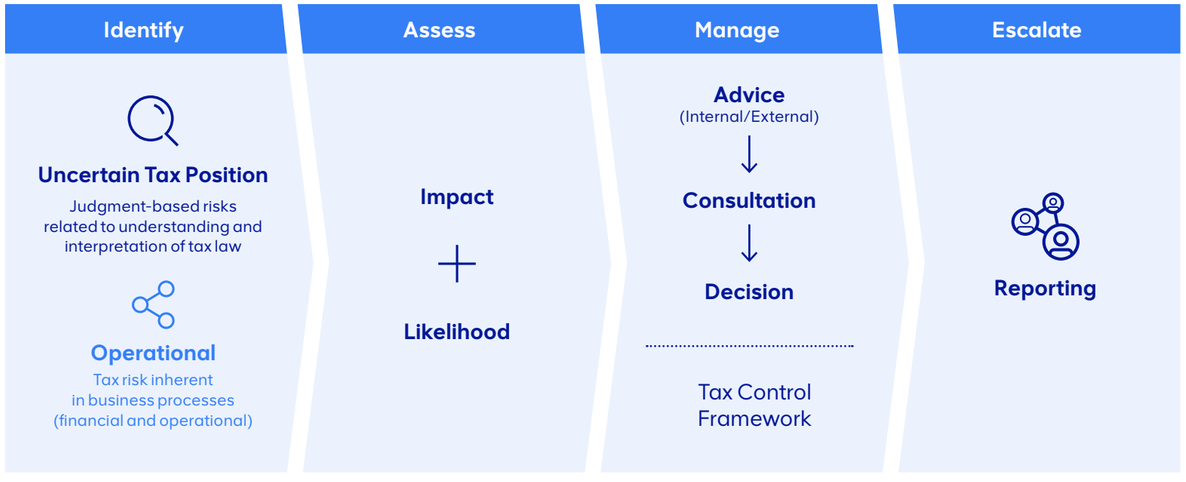
We periodically monitor and review tax risk and the effectiveness of controls within the TCF, which informs the reporting and assurance provided to the Group Audit Committee in respect of the management of taxes across the Group.

Our Tax GRC team also monitor compliance with the broader Tax Governance and Risk Management Framework (including the Tax Risk Management Policy).

Our governing policies are subject to periodic review to ensure they remain relevant, address the evolving tax landscape and are in line with best practice.

The Tax Governance and Risk Management Framework has been deployed across the Group and, as at 31 December 2021, the global minimum standard of control prescribed by the TCF is operational in almost all our major operating jurisdictions. Residual implementation work will be completed in early 2022.





GRI 207: Tax

As part of Anglo American's tax commitment to leadership in tax transparency, key elements of GRI 207: Tax 2019 were already an integral part of our tax reporting suite of information prior to and throughout 2021.

Set out below is a summary of each of the relevant GRI disclosures for tax and the locations of further publications which include more information:

Management approach disclosures

Disclosure 207-1: Approach to tax.

A description of the approach to tax, including:

i. Whether the organisation has a tax strategy available and, if so a link to this strategy if publicly
ii. The governance body or executive-level position within the organisation that formally reviews and approves the Tax Strategy, and the frequency of this review
iii. The approach to regulatory compliance
iv. How the approach to tax is linked to the business and sustainable development strategies of the organisation.

Anglo American's best-practice approach to tax is integral to our Values and published details can be found on our website within the following:

– Group Tax Strategy
– The Integrated Annual Report; and Sustainability Report
– Tax and Economic Contribution Report
– Code of Conduct

The governance body responsible for the Group Tax Strategy at Anglo American is the Anglo American plc Board who review and oversee the Group Tax Strategy regularly.

As set out in the above documents our approach to regulatory compliance is to comply with both the letter and spirit of the law, ensuring payment of the right amount of tax at the right time, in the countries in which we undertake business activity.

Our approach to tax firmly fits within the wider Anglo American Sustainable Mining Plan that forms the basis of all the Group's decision-making. The tax sustainability plan, see page 15 (under which we have a rolling programme of key workstreams), aligns to the three Global Sustainability pillars of:

– Healthy Environment
– Thriving Communities
– Trusted Corporate Leader.

Disclosure 207-2: Tax governance, control and risk management.

A description of the tax governance and control framework, including:

i. The governance body or executive-level position within the organisation accountable for compliance with the Tax Strategy
ii. How the approach to tax is embedded within the organisation
iii. The approach to tax risks, including how risks are identified, managed, and monitored
iv. How compliance with the tax governance and control framework is evaluated.

Further details are included within the documents listed above. The Anglo American plc Board remains accountable for compliance with the Group Tax Strategy.

For further details please see the Group Tax Strategy.

On an operational level, accountability for ensuring compliance with the Tax Strategy is delegated to the Group Head of Tax.

In line with our Tax Governance Framework, this accountability is overseen by the Group Finance Director and Audit Committee. Our TCF sets out how tax risks arising from the business activities that we undertake, should be managed across the Group. It is a global framework that establishes a minimum standard of control (based on three lines of defence) across all our Group companies to effectively manage tax risk. The process for evaluation of the control framework continues to be refined. See page 10 of this report for more information.

We use our Tax Risk Management policy and its assessment framework, in conjunction with our TCF to identify, manage, and monitor risks. We carry out risk assessments on the tax impacts of significant transactions. Compliance with our TCF and its policies is monitored by our Tax GRC team and by periodic reviews by our internal audit team. We report on the performance of the TCF to the Audit Committee.

Disclosure 207-3: Stakeholder engagement and management concerns related to tax.

A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:

i. The approach to engagement with tax authorities
ii. The approach to public policy advocacy on tax
iii. The processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.

Further details can be found within pages 12-15 of the Integrated Annual Report and also within our published Group Tax Strategy, however in brief, we seek to maintain a long term, open, transparent, and constructive relationship with relevant key stakeholders and especially tax authorities and governments in relation to tax matters.

Details on our public policy advocacy on tax matters can be found within the annual Tax and Economic Contribution Report.

We maintain a dialogue with a range of stakeholders both directly and through other internal functions, and industry associations to understand all their concerns – this includes peers, other businesses, NGOs, investors and policymakers. We consider this gives us a good view of their concerns but where specific concerns are raised with them we always engage in one-to-one dialogue to seek to resolve those concerns.

Topic Specific Disclosures

Disclosure 207-4: Country-by-country reporting requires reporting of financial, economic and tax-related information for each jurisdiction in which the organisation operates.

Anglo American already publishes key elements of Country-by-Country reporting data as part of its annual transparency data as an appendix to the Tax and Economic Contribution Report. Data with respect of the years up to and including 2019 were published as submitted to Her Majesty's Revenue & Customs in line with UK law under the globally recognised OECD format. The 2020 data was published in line with GRI 207-4 requirements. This approach continues for 2021 onwards.
A list of tax jurisdictions where the entities in the Group audited financial statements are tax resident is included within note 35 of the 2021 Anglo American Annual Report (pages 230-243).

Tax and economic contribution through the value chain

As set out in our Tax Strategy we are committed to paying the right tax at the right time in the right place.

The UN, the OECD and the World Bank recommend that where transactions take place between two related parties, transfer prices should be set in accordance with the 'arm's length principle'. This is the price that would have been charged by an unrelated party for carrying out the same transaction.

At Anglo American, transfer pricing reflects the commercial and economic substance of any related-party transactions, using a consistent approach within the Group. We ensure that taxable profits arise in the jurisdictions where the operations create value, and is compliant with local law and international best practice.

Where possible, we enter into real-time discussions with tax authorities to try and agree this approach upfront and reduce the risk of any possible disputes later.

With respect to the current Anglo American value chain, below is an illustrative example of a typical mining value chain mapped to our core activities.

Discover, plan and build

Value driver

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

How we contribute

- Payments to suppliers and contractors, during all of the discovery, plan and build sub phases, generating sales taxes and import duties
- Wages paid to Employees
- Permits and licence fees
- Employment and sales taxes and import duties
- Significant local Capital Investment
- Contributions to host communities including technology, infrastructure, jobs and upskilling
- During discovery, plan and build phase, no royalties or corporation tax is due

Mine

Value driver

The application of our Operating Model to the assets within our portfolio drives a more stable, predictable and higher level of operating performance, resulting in improved safety and production, and lower costs. We ensure that we have the right people in the right roles performing value-adding work, including within our Supply Chain and Technical & Sustainability teams who form strong relationships with major suppliers to deliver tailored equipment and other solutions to enable this best-in-class operating performance and cost-effectiveness.

How we contribute

- Payments to suppliers and contractors generating sales taxes and import duties
- Wages paid to Employees
- Employment and sales taxes and import duties
- Ongoing contributions to host communities including technology, infrastructure, jobs and upskilling
- Royalties and resource taxes paid from extraction
- Corporate Income Taxes on net profits of mining operations
- Payments to shareholders, lenders and investors

Processing/blending

Value driver

Our businesses work closely with our Technical & Sustainability function and Marketing business to apply innovative methods and technologies to realise even greater value from our resource base.

How we contribute

- Payments to suppliers and contractors generating sales taxes and import duties
- Wages paid to Employees
- Employment and sales taxes and import duties
- Ongoing contributions to host communities including technology, infrastructure, jobs and upskilling
- Royalties and resource taxes paid from extraction
- Corporate Income Taxes on net profits of mining operations
- Payments to shareholders, lenders and investors

Move and Market

Value driver

We utilise the latest logistics processes to co-ordinate and optimise global shipping needs, to meet customers' specific technical and logistical requirements.

These activities are designed to contribute value to the Group in a number of ways: improving EBIT; enhancing cash flow through tighter working capital management; better risk and control management; and stimulating sustainable demand by continuing to build direct customer relationships and to obtain full value for our products.

How we contribute

- Payments to suppliers and contractors, including transportation companies, generating goods and services taxes and export duties
- Wages paid to Employees
- Employment and sales taxes and import duties
- Ongoing contributions to host communities including technology, infrastructure, jobs and upskilling
- Royalties and resource taxes paid from extraction
- Corporate Income Taxes on net profits of mining operations
- Royalties and withholding taxes on services provided from other parts of the Group
- Payments to shareholders, lenders and investors

End-of-Life Plan

Value driver

We continually invest in people, skills, capabilities and technologies to allow us to develop and adhere to Life of Mine Plans to make sure that we are a good neighbour, bringing our purpose to life as a partner of choice and meeting our commitment to communities in the areas in which our operations are based – and therefore a key part of our licence to operate.

How we contribute

- Significant payments to suppliers and contractors when placing a mine into care and maintenance and in rehabilitation of the land, generating sales taxes
- Wages paid to Employees
- Lower Employment Taxes
- Ongoing contributions to host communities including technology, infrastructure, jobs and upskilling
- Corporate Income Tax and royalties on residual sales from mining operations
- Royalties and withholding taxes on services provided from other parts of the Group
- Payments to shareholders, lenders and investors

Anglo American also creates value beyond the traditional mining value chain in a number of additional areas including some examples below. Value is attributed in line with the arm's length principle.

Sustainable partnerships
Co-investment in future sustainable technology

Technology and Innovation
FutureSmart Mining™

Diversification and Product
Enhancement/Mix
Customer-focused products

Environment
Reduction in emissions, circular economy, water reduction

Premium product
Offering including ethical value chains

Centralised service functions
Finance, Legal, Tax, Treasury

Social
Community, Health and Safety and Education programmes

Governance
Operational model, internal processes and controls

Our approach to sustainability

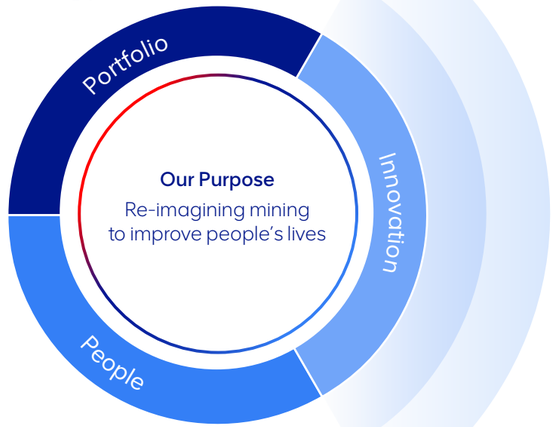
A sustainable business is purposeful, competitive, resilient and agile. It is a business that thrives throughout economic and social cycles.

Environmental, social, governance and commercial issues are often connected; they are part of a complex dynamic system that is constantly evolving.

At Anglo American, our work has evolved to match this complexity. Sustainability considerations are integrated into how we work and are central to our decision-making as we strive to understand the full impact of each decision we take.

More detail can be found in the Sustainability Report 2021. None of the issues explored in that report happen in isolation; so, while we report one topic at a time, our work is multi-disciplinary and dynamic, aligned with the environments in which we operate.

Our Strategy



Guided by our Purpose, our strategy is to secure, develop and operate a portfolio of high quality, long life resource assets. We then apply innovative practices and technologies in the hands of our world class people to deliver sustainable value for all our stakeholders.

Portfolio

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

Innovation

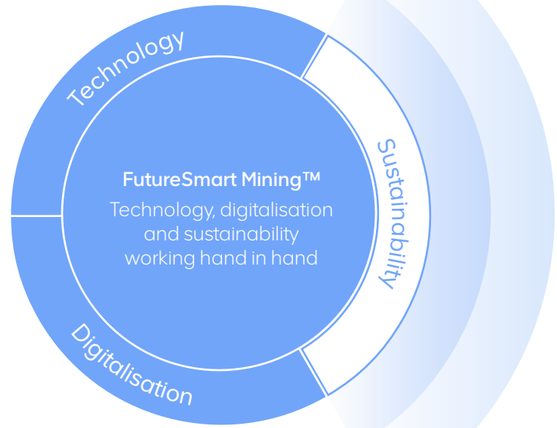
Across every aspect of our business, we are thinking innovatively about how we work to ensure the safety of our people, enhance our sustainability performance, and deliver industry-leading margins and returns. We are developing a replicable model of differentiated practices and capabilities that is designed to deliver superior value to all our stakeholders from assets that are in our hands.

People

Our people are critical to all that we do: we create working environments and an inclusive and diverse culture that encourages and supports high performance and innovative thinking. The partnerships we build, both within Anglo American and with our stakeholders – locally and globally – are central to maintaining our regulatory and social licences to operate and our sustained commercial success.

→ **For more information**
See pages 22-57 in the Integrated Annual Report 2021

Innovation



Across every aspect of our business, from mineral exploration to delivering our products to our customers, we are thinking innovatively to ensure the safety of our people, to enhance the sustainability of our business, and to deliver enduring value in its many forms for all our stakeholders.

The combination of our innovative Marketing business, best-in-class operational improvements provided by the stable platform of our Operating Model and through our P101 programme, and FutureSmart Mining™ – our innovation-led pathway to sustainable mining – is fundamentally changing the way we extract, process and market metals and minerals, providing our next step-change in operating and financial performance.

Operating Model

Our Operating Model is the foundation to support us by providing structure, stability and predictability in the way we plan and execute every task.

P101

P101 is our transformational asset productivity programme that builds on the stability of the Operating Model.

Marketing

Our Marketing business optimises the value from our mineral resources and market positions including by demonstrating the high sustainability standards we are committed to.

FutureSmart Mining™

Our innovation-led pathway to sustainable mining that is fundamentally changing how we mine, process, move and market our products to drive positive sustainability outcomes.

→ **For more information**
See pages 30-49 of the Integrated Annual Report 2021

Sustainability



Our Sustainable Mining Plan, launched in 2018 and integral to our FutureSmart Mining™ programme, is built around three major areas or Global Sustainability Pillars, which are designed to support the UN's Sustainable Development Goals.

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

Healthy Environment

Maintaining a healthy environment that uses less water and delivers net-positive biodiversity outcomes, ultimately moving us closer to our vision of carbon neutral mining.

Thriving Communities

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

Trusted Corporate Leader

Developing trust as a corporate leader, providing ethical value chains, policy advocacy and improved accountability.

→ **For more information on our Sustainable Mining Plan**
See page 14

Sustainable Mining Plan

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

Environment

Healthy Environment

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

Climate change

To be carbon neutral across our operations.

2030: Reduce net GHG emissions by 30%. Improve energy efficiency by 30%. Be carbon neutral across 8 of our sites.

2040: Be carbon neutral across all of our operations.

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

Biodiversity

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

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

2030: Deliver NPI on biodiversity across Anglo American.

Water

To operate water-less mines in water scarce catchments.

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

Social

Thriving Communities

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

Health and well-being*

Relevant SDG targets for health to be achieved in our host communities.

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

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

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

Education

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

2021: Baselines and strategies in place at every site.

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

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

Livelihoods

Shared, sustainable prosperity in our host communities.

2021: Baselines and strategies in place at every site.

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

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

Governance

Trusted Corporate Leader

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

Local accountability*

Transform the relationship between mines, communities, and wider society.

2022: Establish accountability forums at all mine sites.

2025: High quality dialogue and programmes resulting from forums.

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

National and international accountability*

Transform the relationship between mines, communities, and wider society.

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

2025: Continued dialogue on reporting and responsibilities.

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

Policy advocacy

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

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

2025: Regular involvement in priority policy and governance debates.

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

Ethical value chains*

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

Mine certification and responsible sourcing

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

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

Critical foundations

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

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

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

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

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

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

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

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

Collaborative Regional Development

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

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

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

Five-year site plans

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

Sustainable Development Goals

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

Healthy Environment



Thriving Communities



Trusted Corporate Leader



Tax and the Sustainable Mining Plan

Our Sustainable Mining Plan is integral to the Group's strategy and how we live up to our Purpose. As part of our commitments, each site and Group function, including the tax team, has developed a five-year sustainability plan.

This ensures we are playing a key role in embedding sustainability in finance, in collaboration with the Sustainability Integration and Impact team and the business units, in order to achieve our Purpose.

In 2020 we developed a formal tax sustainability plan aligned to each pillar of the Sustainable Mining Plan, signed off by the Group Finance Director.

Last year we explained how our Group Tax Strategy and Values align to our Sustainable Mining Plan.

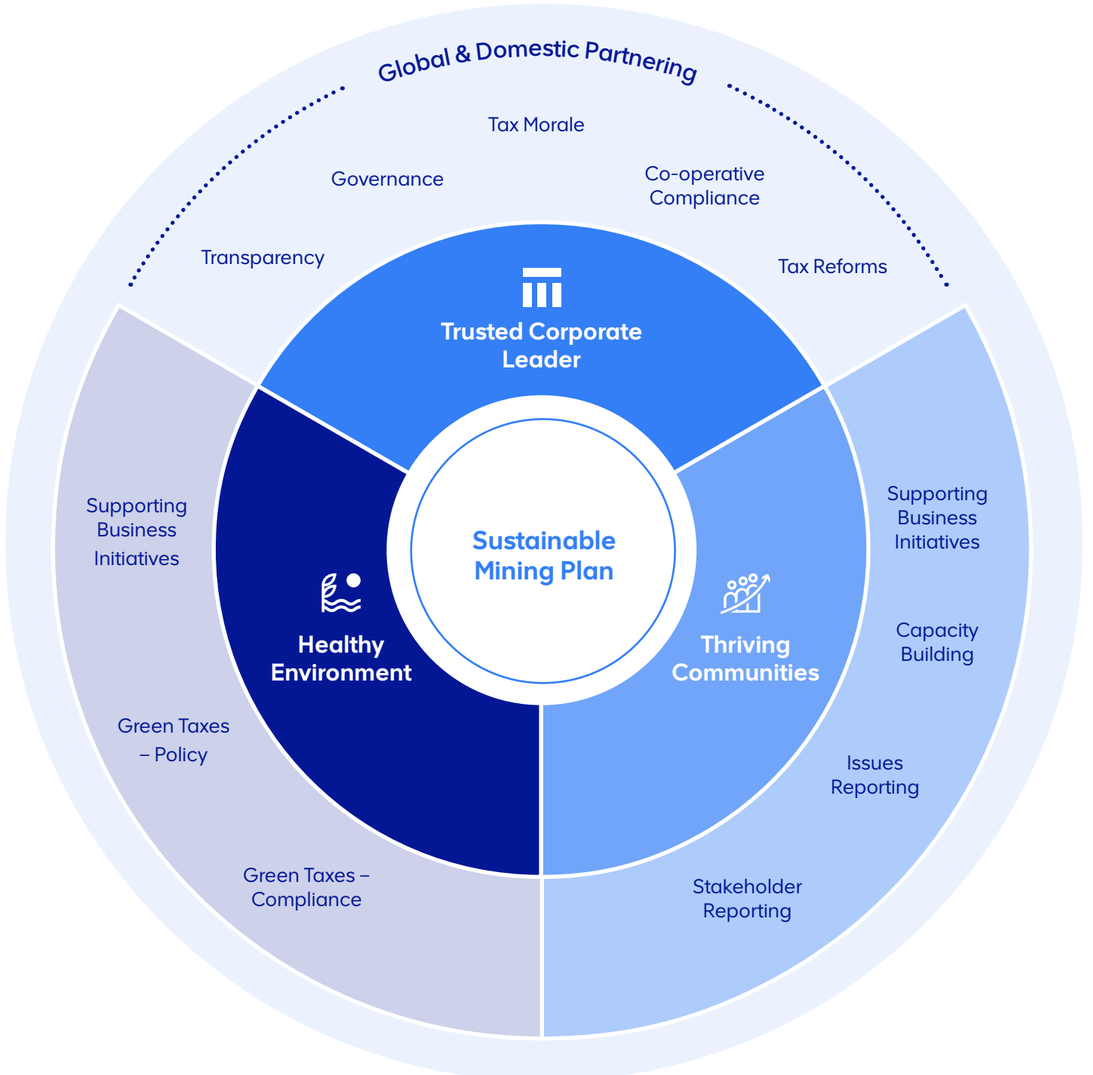
This year we expand on that mission by explaining ways in which we demonstrate those sustainable ambitions and bring to life the ways in which we live our Values.

We therefore set out on the following pages a series of short case studies on each of the three pillars of our Sustainable Mining Plan in relation to tax under the following three headings:

– Healthy Environment
– Thriving Communities
– Trusted Corporate Leader.

While all three of the pillars of the Sustainable Mining Plan are important, tax is fundamentally part of the relationship between business and societies and so from a tax perspective, being a Trusted Corporate Leader is not just a series of projects – it also holds us to account on how we deliver all of the elements of our tax sustainability plan.

This means that as well as supporting the business in delivering its objectives around healthy environments and thriving communities we also proactively deliver tax policy insights, compliance and transparency that will help communities and the environment. We don't only comply with the requisite tax laws; we want to help lead and shape the relevant tax debates that will create sustainable tax systems of the future.





→ For more information on creating a Healthy Environment
see page 38 of the Anglo American 2021 Integrated Annual Report



→ For more information on building Thriving Communities
see page 38 of the Anglo American 2021 Integrated Annual Report



→ For more information on being a Trusted Corporate Leader
see page 39 of the Anglo American 2021 Integrated Annual Report

Healthy Environment



▲ To mark #TimetoTalkDay, we gave our teams conversation starter kits to encourage them to check in with their colleagues. Our Mental Health First Aiders were also on hand to chat.

Anglo American's Sustainable Mining Plan includes commitments to be a leader in environmental stewardship. It already embraces a holistic set of ambitious goals, which are aligned to the UN's SDGs. Within our Sustainability Report there are numerous examples of the ways in which we are tackling climate change and protecting our natural environment.

In October 2021, we hosted our latest Sustainability Performance update for investors and other stakeholders, just days ahead of the COP 26 climate conference in Glasgow. We used the occasion to launch our 2021 Climate Change Report, and to share our progress towards our target of carbon neutral operations (Scopes 1 & 2) by 2040 and our ambition to reduce our Scope 3 emissions by 50%, also by 2040. This was followed by news of our Shipping team's ambition to achieve carbon neutrality across controlled ocean freight activities by 2040, with an interim 30% reduction in emissions by 2030. For more detail please read our Sustainability Report.

During 2021, we were invited to join the global Taskforce on Nature-related Financial Disclosures (TNFD). The Taskforce will develop and deliver a practical framework for reporting and managing nature-related risks.

Environmental taxes strategies

From a tax perspective we continue to develop and implement our environmental taxes strategy to support the Group's decarbonisation ambitions set out in our recent Climate Change Report.

We will use our tax expertise to assist in global tax policy advocacy and increase understanding of environmental taxes.

Our tax sustainability mission within the field of 'healthy environment' is to ensure compliance with all environmental taxes, while delivering operational risk management, supporting the business as it evolves and adapts, and contributing to the broader societal debate on the role of green taxes. As well as carbon taxation, this includes advocating for (and assessing the impact of) tax incentives that encourage sustainable change and development, in line with our Tax Strategy.

Tax team members are supporting a range of projects across the Group on areas such as green hydrogen and carbon zero vehicles.

Empowering our employees

The Group's commitment to employees was, once again, demonstrated in 2021 by various initiatives and awards. For example:

- Our South Africa businesses (Kumba, Platinum Group Metals (PGMs), and SA group) claimed three out of five top places at the annual Sunday Times Top 100 Companies Awards. These prestigious awards acknowledge Johannesburg Stock Exchange-listed companies that have earned the highest returns for their shareholders over the last five years
- Zimele, our enterprise initiative in South Africa, won two awards at the Absa Business Day Supplier Development ceremony
- In the UK, Anglo American was ranked number 11 on the Inclusive Companies' Top 50 Inclusive Employers list which was published in December 2021. Companies are scored on their performance in a range of areas, including recruitment procedures, training, data, and a host of diversity-related initiatives.

Within our workforce we encourage and empower our teams to abide by the Anglo American's Values by providing training using tax and financial examples on anti-corruption, business integrity and whistle-blowing to name a few examples. Tax team members are involved in the creation of examples and case studies used by the wider group in training programmes.

"Climate change is the defining challenge of our time. Environmental taxes and tax incentives sit within a broader conversation about the instruments that businesses and governments should use to deliver sustainable environmental outcomes, and we are committed to playing our part in that discussion."

David Murray
Head of Tax: Policy and Sustainability



▲ Tamaga Lodge is one of three biodiversity conservation areas on the western side of the mine. These areas were originally livestock farms, and are being carefully restored to their natural state.

Pictured is land management technician, Dawid Malo, who is responsible for managing the areas.

Thriving Communities



▲ We ensure that we engage closely with our communities through a variety of methods. Pictured is a community clothing production project within the Aruntaya community, located near the copper mine we are developing at Quellaveco in Peru.

Tax morale

The OECD has been studying the intrinsic motivation of taxpayers to comply and pay the correct amount of taxes voluntarily, rather than in response to fear of punitive action by tax authorities. They found that behaviour was influenced by tax morale – i.e. trust and belief in the tax system and compliance behaviours. Countries with a high level of tax morale had a higher level of voluntary tax compliance. Anglo American has been directly participating in OECD stakeholder dialogues on tax morale throughout 2021, to help better understand and build tax morale globally.

Anglo American takes the payment of taxes extremely seriously which is why having a Group Tax Strategy, that embraces our beliefs and core Anglo American Values, is part of our normal course of business. Demonstrating that we comply with both the spirit and the letter of the law is equally fundamental for us, as well as our stakeholders. In short, we pay the right amount of tax, at the right time, in the place where value is created. Examples of raising confidence in corporate tax affairs, and hence tax morale can be evidenced by our tax transparency journey of the last 15 years. We continuously reassess the information that we share to provide stakeholders information about our tax affairs. We recognise though that more data is not necessarily better, and that transparency needs to be meaningful to be useful.

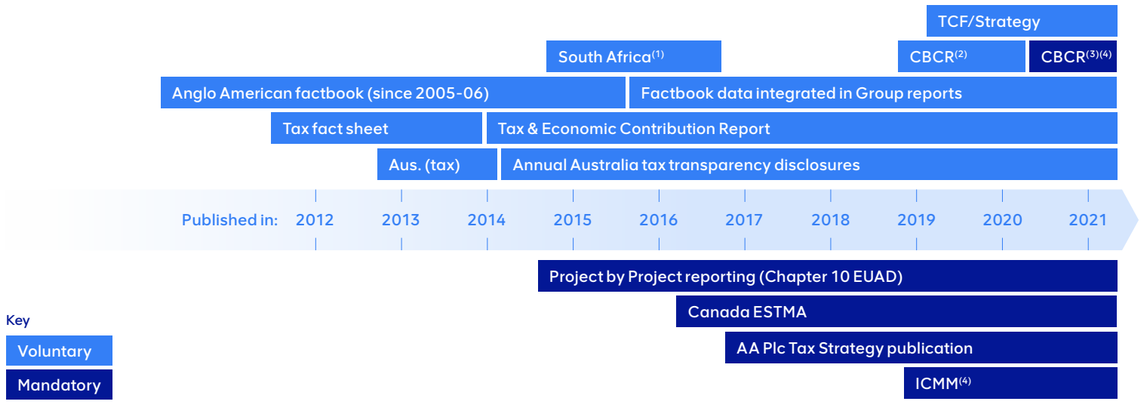
Improving public tax reporting

Improving public tax reporting to serve more stakeholders and cover more issues is a key strategic objective of the Anglo American tax department.

In 2021 we have continued this ambition by: revisiting the data provided within this report (as set out on page 5), expanding on examples of a few of the ways in which we live our Values to enable readers to easily find more information if required, and translating this report into Portuguese and Spanish (being the key languages for many of our operations) to increase accessibility to a wider range of stakeholders.

We continue to publish our detailed tax data within our country-by-country report, and also fulfil voluntary tax reporting criteria globally. An overview of key publications for tax transparency purposes as Anglo American plc is shown below.

Overview of key events in tax transparency journey of Anglo American plc



(1) South Africa transformation report was social and economic contribution report superseded by TECR.
(2) Country by Country Reporting – following OECD voluntary standard format (2019), and OECD and GRI voluntary standards (2020).
(3) Country by Country Reporting – following GRI format.
(4) ICMM compliance assurance procedure statement (mandatory as part of our membership requirements of ICMM).

"Citizens increasingly want to understand the value and the costs that business and businesses are bringing to their societies, and investors want to be able to undertake sophisticated analysis of risks, alongside reassurance that their capital is supporting sustainable and responsible businesses. Tax and economic contributions are vital components of sustainability, and transparency is essential for stakeholders to share the confidence we have in our Sustainable Mining Plan."

Stephen Pearce
Finance Director

Capacity building programmes

Ways in which we seek to inspire and use our knowledge to help others is through our approach to open engagement and capacity building programmes on tax matters, or via using our knowledge to assist the wider Social Economic Development teams in the business. These might include working with the International government relations teams and Sustainability teams at Anglo American on Ambassadors for Good programmes, or contributing input into requests for examples of best practice seen in territories across our countries of operation which might assist organisations such as OECD, BIAC, Tax Inspectors without Borders etc.

Consultation responses on International Tax Reforms

By investing time and resources to provide the benefit of our global experiences to key international tax policy forums we have engaged with a range of stakeholders and those leading public consultations on local law changes during 2021.

We see this as an important part of demonstrating the ways we operate in line with our Tax Strategy and best practice good governance. For example, during the year we have provided consultation responses, participated in public speaking engagements, included our data within the European Business Tax Forum (EBTF) Total Tax Contribution reports, published articles on tax reform, and provided input into wider policy papers of key business groupings to explain potential impacts from a taxpayer point of view. All of these have the aim of improving public tax reporting.

Trusted Corporate Leader



▲ London Head Office – 17 Charterhouse Street meeting in the board room. L-R: Georgia Williams (De Beers), Diamond Sourcing Administrator, Tiffany Koyas (HR Coordinator), Laurence Ball, (SHE administrator), Georgina (Georgie) Foster, (HR Administrator) and Ayotomi Disu (Invoicing Administrator).

Investing resources

We have a dedicated tax policy team led by our Head of Tax Policy and Sustainability because we think the link between the two areas is key, and we encourage our people around the world to partake in the internal and external debates on our key issues driven by our Group Tax Strategy and Anglo American's Values. The team bring together knowledge from our operations with Tax Strategy and are part of the broader team of sustainability champions within the business.

Policy advocacy

The global tax team, and specifically the tax policy team, engage in a wide range of local, regional and global forums around tax policy.

In addition to Industry Associations, we also seek to work with other groups to promote responsible tax practices and tax transparency, such as the B-Team and the European Business Tax Forum. Members of our tax team also engage in a range of public speaking engagements on broader tax policy issues such as the future of mining taxation, and the tax challenges of digitalisation.

A specific example of policy advocacy work in 2021 has been our active involvement on a Co-operative Compliance project with a multilateral range of stakeholders led by the Vienna University of Economics and Business, participating in pilot projects with tax authorities on co-operative compliance.

Active engagement with stakeholders

We demonstrate leadership on key tax policy issues via our active engagement with stakeholders, consultation responses, public speaking engagements, and participation in industry transparency commitments. For example:

- We are proud to be active members of the International Council on Mining and Metals, the International Chamber of Commerce, the Confederation of British Industry, the European Business Tax Forum, the Business @OECD Tax Committee, and a wide range of local business groups, mining councils and technical bodies
- We engage broadly with business groups, NGOs and local governments in all our major countries and also with international organisations such as the OECD
- When we speak publicly at events and write articles and blogs with key partner organisations our ambition is to try and broaden the understanding of tax issues beyond policymakers and large businesses.

Governance and tax risk management to ensure we are implementing best-in-class controls:

See page 10 of this report for further detail on the ways in which we ensure that our tax risk and governance processes remain best-in-class and provide certainty across the business and to tax authorities and stakeholders globally.

Transparency approach

As set out earlier in this report, we have continued to improve and enhance our focus during 2021 on how we report our tax and economic value generated and distributed – culminating in the improvements being made in the way in which we report our data within this report.

External validation of our transparency approach

External metrics and Published Indices provide an external reference point to how far we are succeeding on our ambitions around our Trusted Corporate Leader goals. Our recent rankings in the Dow Jones Sustainability Index where we scored 100% in the categories of Tax Strategy, Environmental Reporting and Social Reporting demonstrate our successes in these areas in the eyes of our stakeholders via independent recognition.

Overall Anglo American plc was awarded a bronze class in the @SPGlobal Sustainability Yearbook 2022.

Sustainability Award
Bronze Class 2022
S&P Global

More information on several of these topics can be found on page 9 in the Living our Tax Strategy section of this report.

Leading and inspiring

While all three of the pillars of the Sustainable Mining Plan are important, tax is fundamentally part of the relationship between business and societies and so from a tax perspective, being a Trusted Corporate Leader is not just a series of projects – it also holds us to account on how we deliver all of the elements of our tax sustainability plan.

This means that as well as supporting the business in delivering its objectives around healthy environments and thriving communities we also proactively deliver tax policy insights, compliance and transparency that will help communities and the environment. We don't only comply with the requisite tax laws – we also want to help lead and shape the relevant tax debates that will create sustainable tax systems of the future.

"We believe being a Trusted Corporate Leader means embedding sustainability in everything we do, being fearless about how we engage with others, wherever we think that our perspective and experiences can help build better tax systems, better tax bases that benefit society and communities where we operate, in the long term. It is a partnership that we think about, not just a taxpayer-government type of relationship."

Zahira Quattrocchi
Group Head of Tax



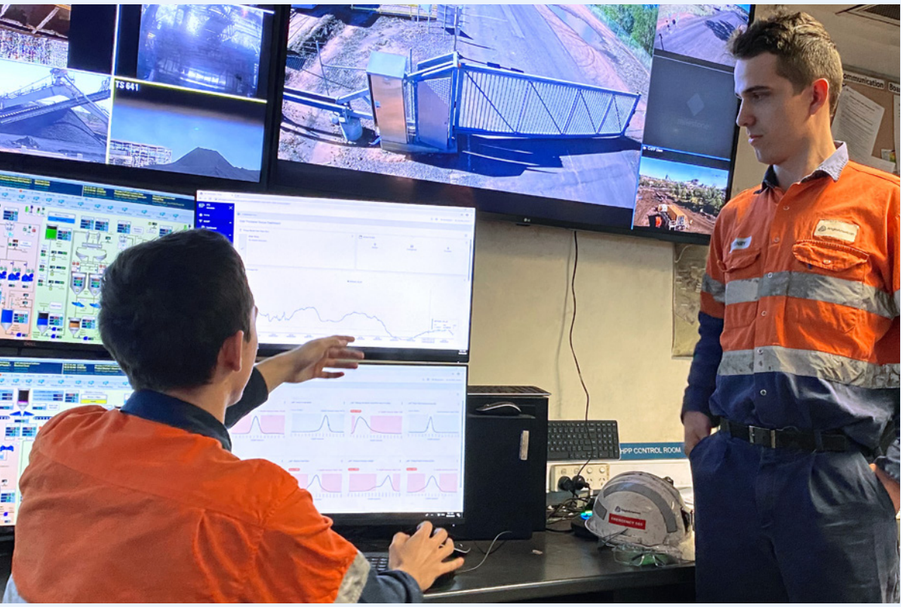
▲ The port pier that serves our Minas-Rio iron ore mine in Brazil.

Country highlights

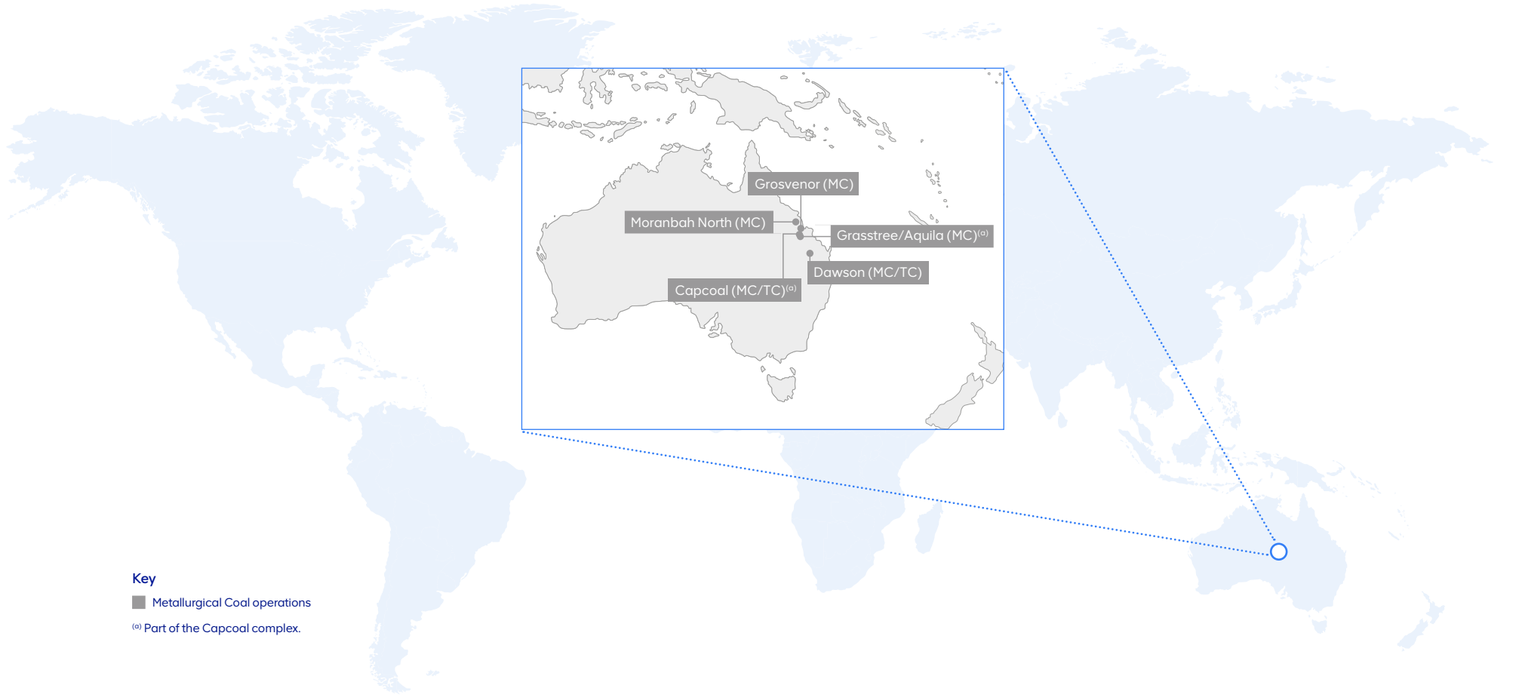
The following pages set out details of the cash value distributed to stakeholders for each of our key operating jurisdictions.

Our economic contribution in Australia in 2021

Our tier one metallurgical coal assets in Australia are an important part of the steel value chain, producing a high quality product ideal for serving more modern, highly efficient, lower carbon intensity steel mills. As the world transitions, we will continue to act as responsible stewards of such natural resources, balancing the best interests of all our stakeholders.



▲ Data Analytics – Henry Scholtz, process engineer and Ruben Kara-Manning, graduate: minerals processing at Moranbah North.



Key

Metallurgical Coal operations

(a) Part of the Capcoal complex.

Total tax and economic contribution

$2,261.8m
(2020(1): $2,305.6m)

Wages and related payments

$356.4m
(2020(1): $336.7m)

Corporate social investment

$1.1m
(2020(1): $2.4m)

Total country procurement

$1,547.8m
(2020(1): $1,734.1m)

of which in country procurement

$1,545.7m
(2020(1): $1,732.9m)

$648.0m
(2020(1): $683.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$356.5m
(2020(1): $232.3m)

$9.6m (2020(1): $(57.5)m)
Corporate income tax

$173.1m (2020(1): $129.1m)
Royalties and mining taxes

$61.4m (2020(1): $64.0m)
Other payments borne

$112.4m (2020(1): $96.7m)
Taxes collected

The Australian effective tax rate for Anglo American for the year ended 31 December 2021 was 29%. This effective tax rate is calculated in accordance with the Australian Voluntary Tax Transparency Code.

The accounting profit/(loss) before tax for this effective tax rate calculation is based on the amount disclosed per the Australian locally prepared statutory financial statements, which remain in draft at the time of the preparation of this report.

Anglo American treats our Jellinbah and Manganese operations as equity accounted investments. This means that the post-tax profit/(loss) from these investments is recorded in the Group's overall accounting profit/(loss) before tax. As the tax expense figures disclosed in our Australian locally prepared statutory financial statements will not include the tax expense related to these equity accounted investments, the accounting profit before tax has been adjusted, such that the Australian effective tax rate is not distorted by the equity accounting method used to record these results.

For explanations of each term used above, please see glossary on page 34.

(1) 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Botswana in 2021

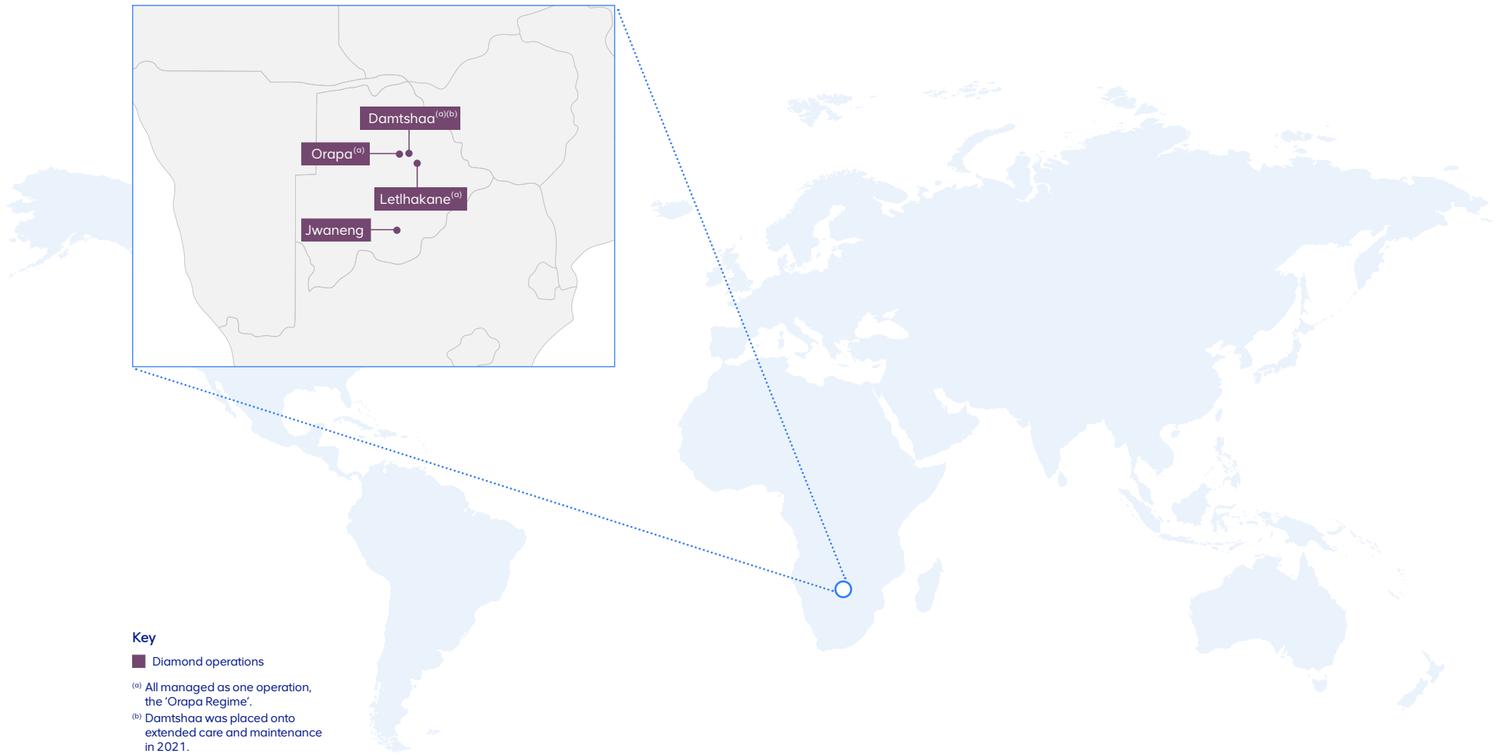
Our joint venture partnership with the Government of the Republic of Botswana is a shared incentive to invest in the assets of the country for the benefit of all stakeholders of both parties to the joint venture. We demonstrate our commitment and collaboration with local communities through our policies and operations.

→ See https://www.debeersgroup.com/sustainability-and-ethics/protecting-the-natural-world/a-visit-to-botswana for more information



▲ Portrait of Founder of Siskop Investment in store, Tokafala Programmes, Botswana.

Neo Kopanang is the manager of Siskop Fashions, a Botswana-based small business supported through our Tokafala enterprise development programme.



Total tax and economic contribution

$1,041.7m
(2020[(1)]: $726.9m)

Wages and related payments

$200.8m
(2020[(1)]: $171.0m)

Corporate social investment

$5.5m
(2020[(1)]: $6.0m)

Total country procurement

$382.0m
(2020[(1)]: $277.9m)

of which in country procurement

$326.3m
(2020[(1)]: $223.2m)

$237.0m
(2020[(1)]: $169.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$453.3m
(2020[(1)]: $272.0m)

$232.7m (2020[(1)]: $139.3m)
Corporate income tax

$155.6m (2020[(1)]: $95.4m)
Royalties and mining taxes

$10.0m (2020[(1)]: $0.1m)
Other payments borne

$55.1m (2020[(1)]: $37.1m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

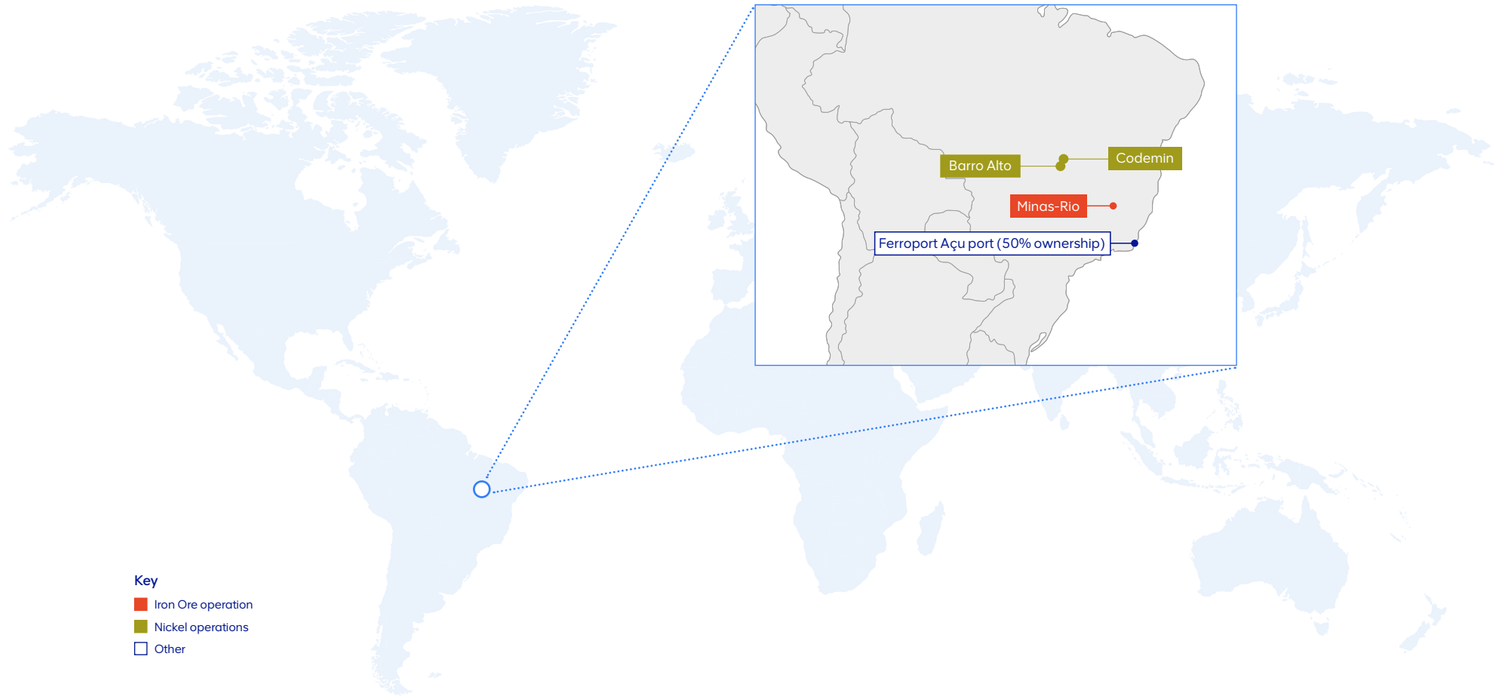
(1) 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Brazil in 2021

Our Brazilian operations comprise of iron ore and nickel. We strive to engage with stakeholders throughout the value chain and place particular emphasis on working to benefit local communities.



▲ CCO Control Room Thermographic Camera, Renato Correia.



Total tax and economic contribution

$1,931.9m
(2020[1]: $1,342.8m)

Wages and related payments

$120.3m
(2020[1]: $114.3m)

Corporate social investment

$7.7m
(2020[1]: $6.2m)

Total country procurement

$1,280.4m
(2020[1]: $1,021.5m)

of which in country procurement

$1,029.3m
(2020[1]: $1,021.5m)

$122.0m
(2020[1]: $196.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$523.6m
(2020[1]: $200.8m)

$258.6m (2020[1]: $0.0m)
Corporate income tax

$134.7m (2020[1]: $79.9m)
Royalties and mining taxes

$71.7m (2020[1]: $68.6m)
Other payments borne

$58.5m (2020[1]: $52.3m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

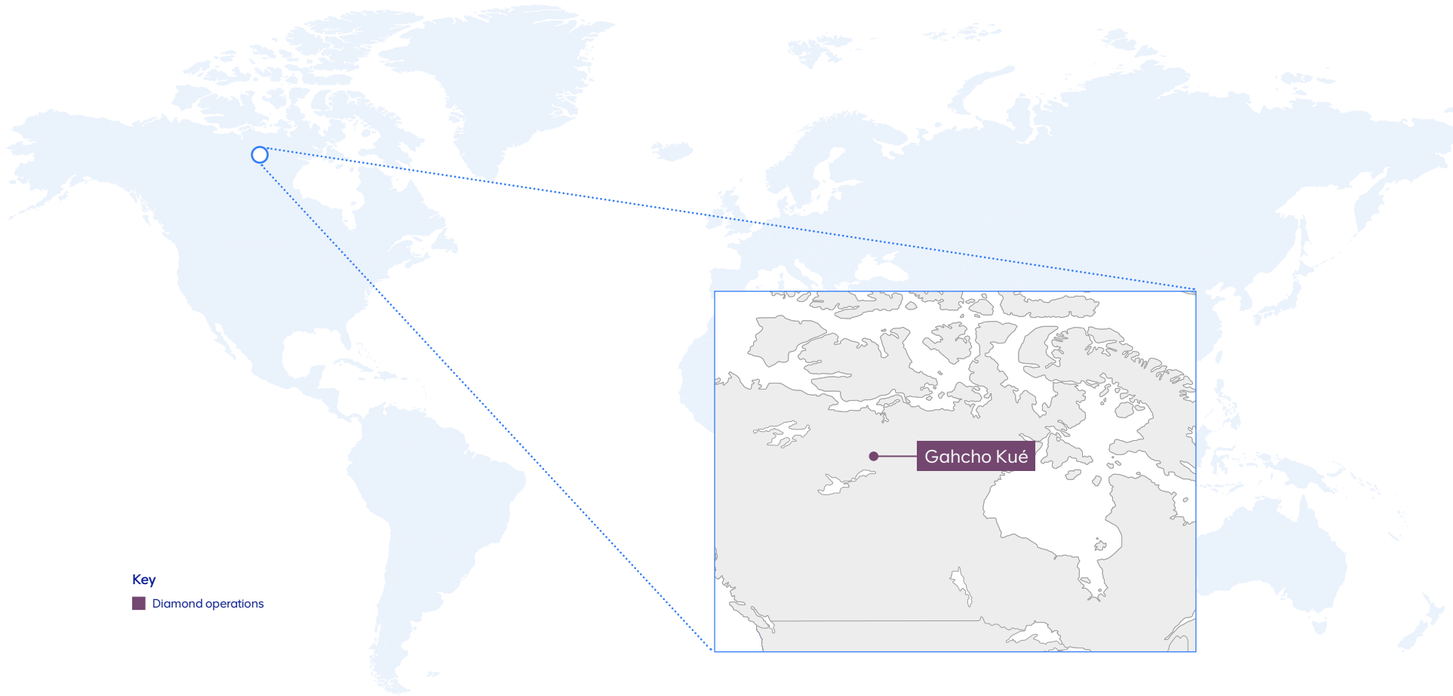
[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Canada in 2021

Our diamond operations in Canada are in the Northwest Territories where we have a strong history of collaboration with our stakeholders. Engagement with stakeholders continues to be a priority as demonstrated by our ongoing end-of-life-of-mine activities in relation to our former metallurgical coal operations of Peace River Coal.



▲ Female student and recipient of De Beers Group STEM scholarship, in science lab, University of Calgary, Ashley Matesic, University of Calgary Student.



Total tax and economic contribution

$196.1m

(2020[1]: $471.3m)

Wages and related payments

$51.7m

(2020[1]: $41.2m)

Corporate social investment

$0.5m

(2020[1]: $0.5m)

Total country procurement

$116.3m

(2020[1]: $399.0m)

of which in country procurement

$112.0m

(2020(1): $96.1m)

$37.0m

(2020[1]: $31.0m)

Capital expenditure

Total taxes and royalties borne and Taxes collected

$27.7m

(2020[1]: $30.6m)

$0.7m (2020[1]: $5.0m)

Royalties and mining taxes

$7.8m (2020[1]: $4.5m)

Other payments borne

$19.2m (2020[1]: $21.2m)

Taxes collected

For explanations of each term used above, please see glossary on page 34.

[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Chile in 2021

Our copper operations in Chile are at the forefront of developing sustainability technologies such as initiatives related to water efficiency (such as photovoltaic (PV) energy plants) and working with local communities to upskill and assist entrepreneurs. More detail can be found in our Sustainability Report.



▲ Alejandra Andrea Morena Tapia, Senior Projects Engineer.



Total tax and economic contribution

$3,226.2m
(2020[1]: $2,890.1m)

Wages and related payments

$377.5m
(2020[1]: $355.9m)

Corporate social investment

$30.8m
(2020[1]: $35.9m)

Total country procurement

$1,859.1m
(2020[1]: $1,999.2m)

of which in country procurement

$1,828.5m
(2020[1]: $1,944.0m)

$967.0m
(2020[1]: $645.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$958.8m
(2020[1]: $499.0m)

$657.3m (2020[1]: $281.0m)
Corporate income tax

$134.5m (2020[1]: $41.8m)
Royalties and mining taxes

$58.0m (2020[1]: $47.6m)
Other payments borne

$109.1m (2020[1]: $128.7m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

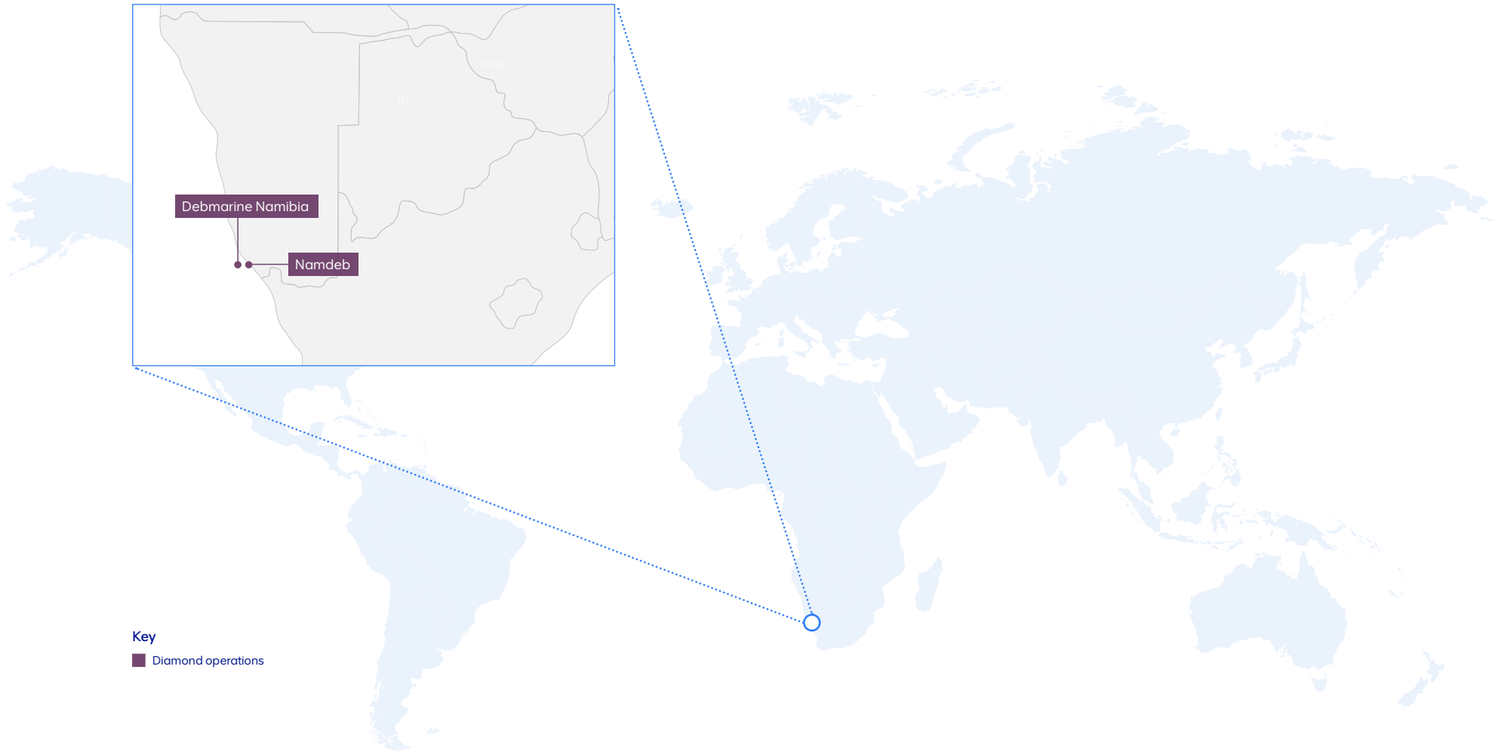
[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Namibia in 2021

Our 50:50 joint operation in Namibia between the Government of the Republic of Namibia and De Beers is the world's largest marine diamond mining company. It demonstrates a shared incentive to invest in the assets of the country for the benefit of all stakeholders of both parties to the joint venture. We demonstrate our commitment and collaboration with local communities through our policies and operations, such as the historic life of mine extension in respect of the land-based De Beers operations in Namibia.



▲ Meeting discussing offshore mining vessels with employees and graduates, Cape Town Marine Operations.



Total tax and economic contribution

$538.5m
(2020[1]: $484.0m)

Wages and related payments

$82.6m
(2020[1]: $74.0m)

Corporate social investment

$5.9m
(2020[1]: $3.9m)

Total country procurement

$313.7m
(2020[1]: $219.2m)

of which in country procurement

$108.2m
(2020[1]: $45.5m)

$89.0m
(2020[1]: $78.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$136.3m
(2020[1]: $186.9m)

$32.1m (2020[1]: $47.6m)
Corporate income tax

$29.5m (2020[1]: $33.2m)
Royalties and mining taxes

$15.2m (2020[1]: $51.4m)
Other payments borne

$59.6m (2020[1]: $54.7m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Peru in 2021

Our Quellaveco copper project in Peru is in the final stages of construction. Despite not yet being operational we added value to local stakeholders in 2021 via our presence. More detail can be found in our Sustainability Report.



▲ Luis Macedo, mine surveyor, at our Quellaveco project in Peru.



Total tax and economic contribution

$1,333.8m
(2020[1]: $1,307.1m)

Wages and related payments

$56.7m
(2020[1]: $55.6m)

Corporate social investment

$21.5m
(2020[1]: $9.1m)

Total country procurement

$1,233.8m
(2020[1]: $1,212.0m)

of which in country procurement

$1,175.5m
(2020[1]: $1,090.8m)

$806.0m
(2020[1]: $798.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$21.7m
(2020[1]: $30.5m)

$(0.1)m (2020[1]: $0.0m)
Corporate income tax

$5.9m (2020[1]: $9.4m)
Other payments borne

$15.9m (2020[1]: $21.0m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in Singapore in 2021

Our Marketing business's dedicated sales and marketing hub in Singapore aims to optimise the value from our mineral resources and market positions, driving appropriate commercial decisions across the value chain, from mine to market. Singapore is also home to our shipping operations.



▲ Marketing employees at work in our Singapore office.



Total tax and economic contribution

$551.9m
(2020[1]: $132.3m)

Wages and related payments

$78.9m
(2020[1]: $49.0m)

Corporate social investment

$0.1m
(2020[1]: $0.0m)

Total country procurement

$434.8m
(2020[1]: $69.0m)

of which in country procurement

$24.4m
(2020[1]: $12.8m)

$1.0m
(2020[1]: $1.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$38.1m
(2020[1]: $14.3m)

$35.1m (2020[1]: $13.1m)
Corporate income tax

$1.2m (2020[1]: $0.1m)
Other payments borne

$1.8m (2020[1]: $1.1m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

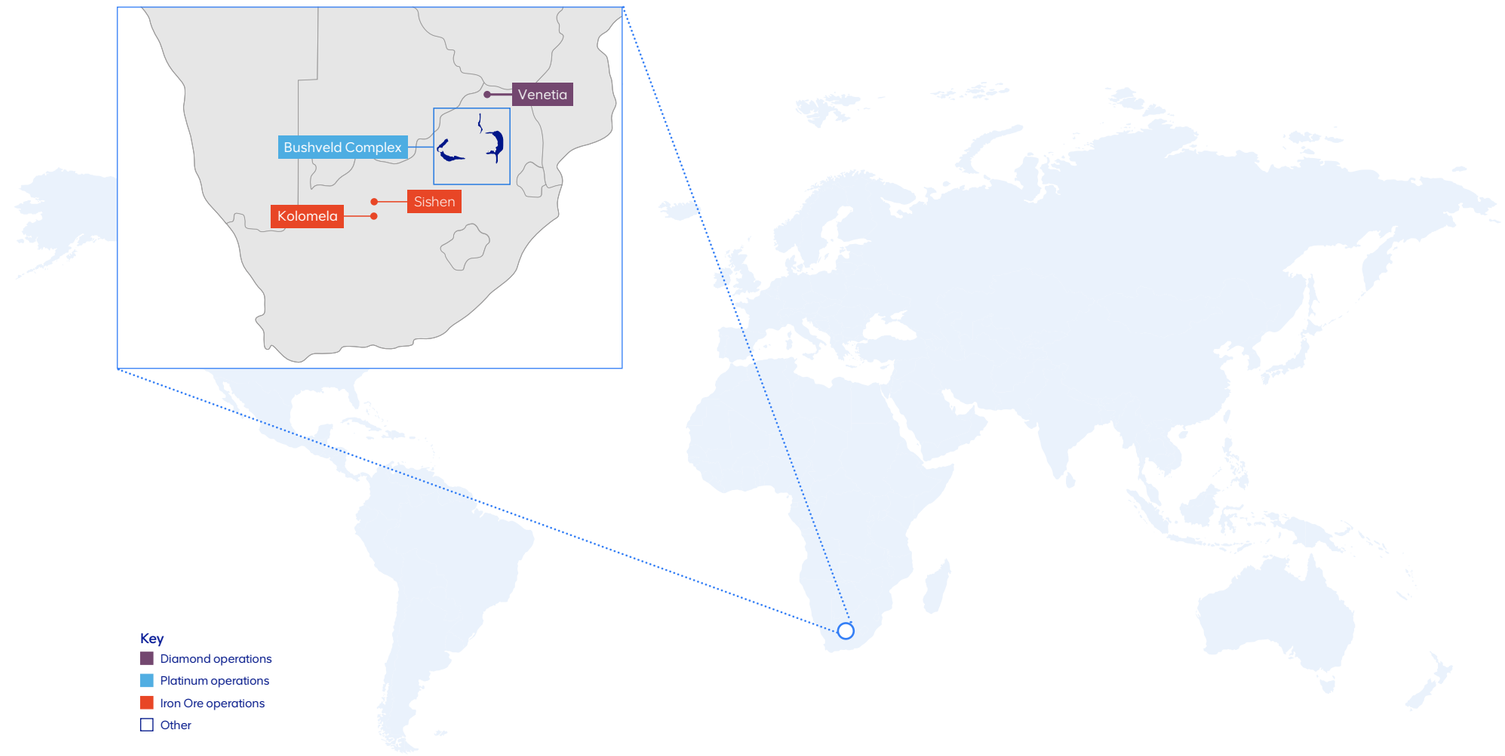
[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in South Africa in 2021

South Africa is home to a number of our assets, with operations across diamonds, PGMs, iron ore and manganese. We are proud of our longstanding transformation progress and continue to work with all stakeholders to ensure all South Africans benefit from the value created by mining.



▲ Occupational Hygiene – fitting a portable air sampler. Vuyisile Kraishi (occupational Hygiene Assistant) and Malwande Keyizana (occupational Hygiene Assistant) RBMR21-011 and 012.



Total tax and economic contribution

$9,134.7m
(2020[1]: $6,627.4m)

Wages and related payments

$1,812.9m
(2020[1]: $1,621.4m)

Corporate social investment

$60.7m
(2020[1]: $54.5m)

Total country procurement

$3,212.0m
(2020[1]: $3,024.0m)

of which in country procurement

$3,147.8m
(2020[1]: $3,056.4m)

$1,808.0m
(2020[1]: $1,246.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$4,049.0m
(2020[1]: $1,927.5m)

$2,949.7m (2020[1]: $1,164.4m)
Corporate income tax

$745.0m (2020[1]: $339.4m)
Royalties and mining taxes

$15.9m (2020[1]: $56.7m)
Other payments borne

$338.4m (2020[1]: $367.0m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

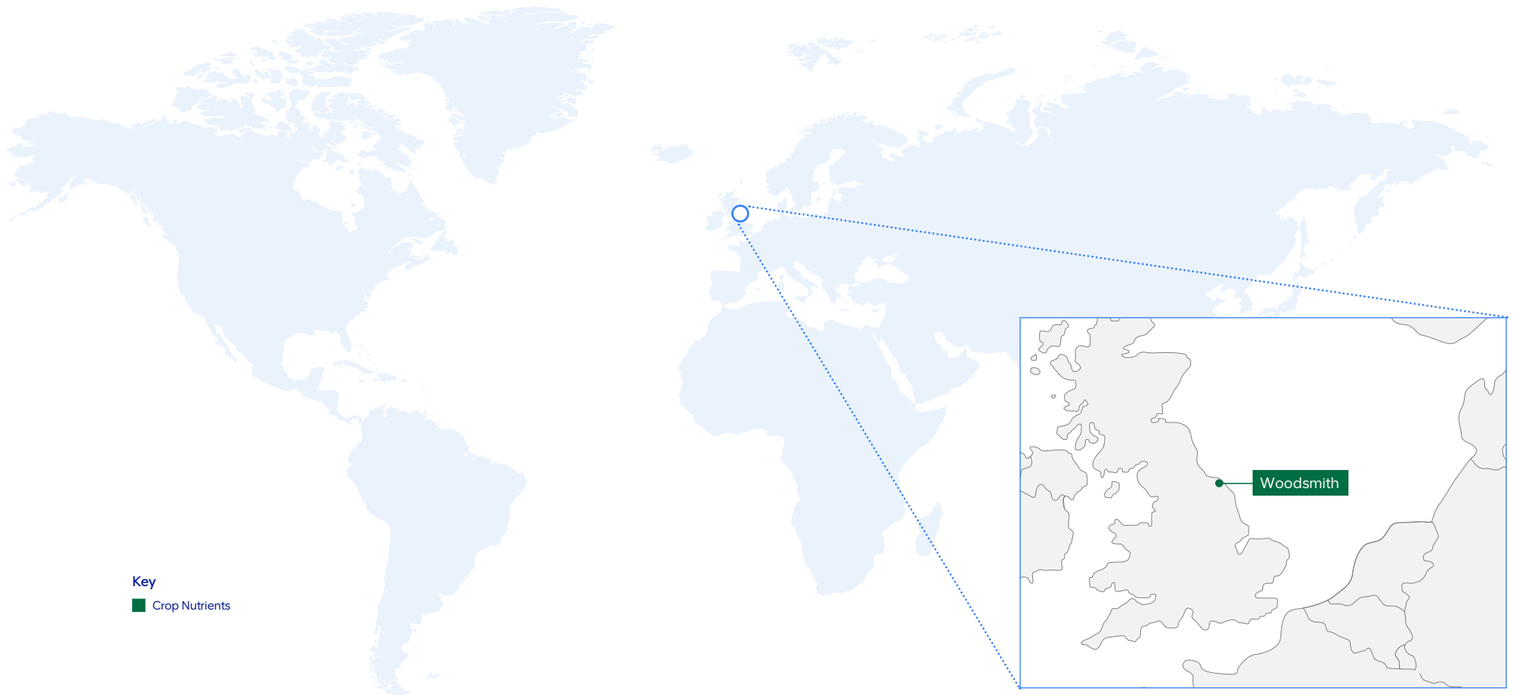
[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Our economic contribution in the United Kingdom in 2021

The UK is home to our global headquarters, an arm of our Marketing business, and the Woodsmith project which is a new mine under construction, with the world's largest known deposit of polyhalite[2]. Polyhalite is a natural fertiliser and can be mined through a relatively simple, low-energy, non-chemical production process and is therefore a natural fit for our portfolio as it supports our transition towards those metals and minerals that will meet the world's evolving needs – including infrastructure and food – to support a fast-growing global population with a low carbon footprint.



▲ Eloise Griffin-Hicks, agronomist, inspecting crops at our Crop Nutrients business in the UK.



Total tax and economic contribution

$1,597.0m

(2020[1]: $1,689.3m)

Wages and related payments

$350.4m

(2020[1]: $329.7m)

Corporate social investment

$2.4m

(2020[1]: $3.5m)

Total country procurement

$881.5m

(2020[1]: $1,064.8m)

of which in country procurement

$619.1m

(2020[1]: $712.2m)

$579.0m

(2020[1]: $319.0m)

Capital expenditure

Total taxes and royalties borne and Taxes collected

$362.7m

(2020[1]: $291.3m)

$127.2m (2020[1]: $79.9m)

Corporate income tax

$0.5m (2020[1]: $1.0m)

Royalties and mining taxes

$71.9m (2020[1]: $39.7m)

Other payments borne

$163.2m (2020[1]: $170.7m)

Taxes collected

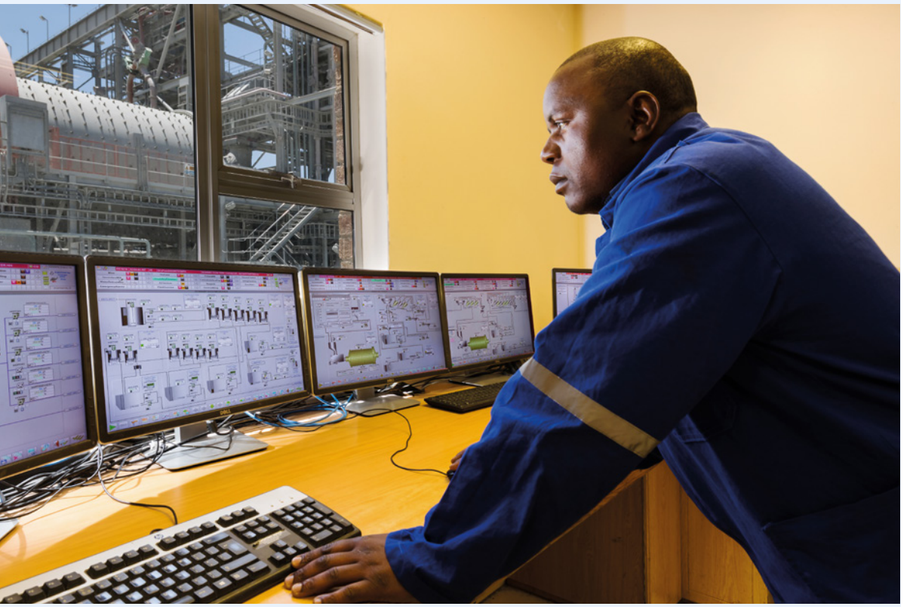
For explanations of each term used above, please see glossary on page 34.

(1) 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

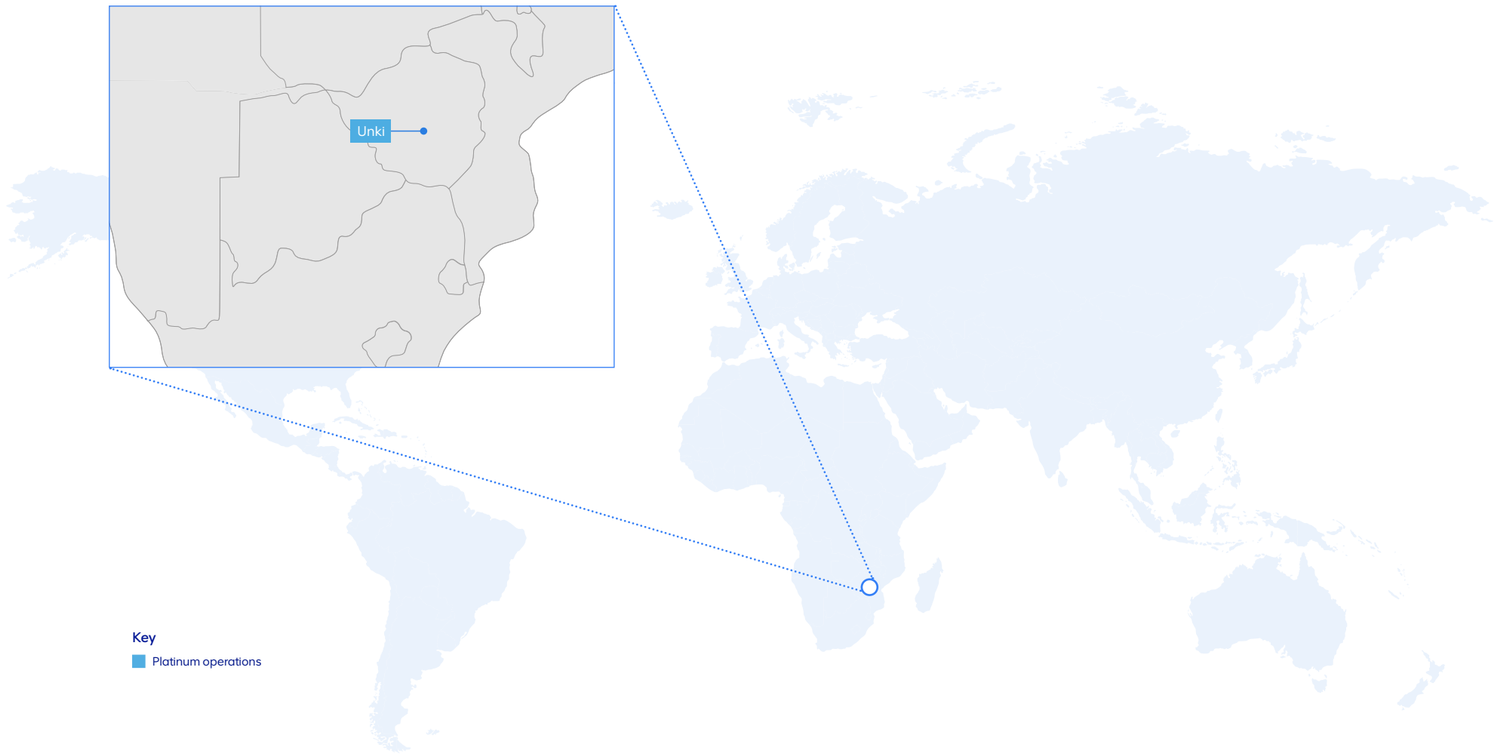
(2) Approximately 290mt Ore Reserves at a grade of 88.8% Polyhalite.

Our economic contribution in Zimbabwe in 2021

Unki platinum mine is in the southern half of Zimbabwe's Great Dyke geological formation – widely recognised as the second-largest resource of PGMs in the world. We continue to work with the Zimbabwean government on compliance with the Indigenisation and Economic Empowerment Act.



▲ Control Room Operator and Production Foreman John Mambanda in the Concentrator plant control room.



Total tax and economic contribution

$348.7m
(2020[1]: $214.9m)

Wages and related payments

$46.9m
(2020[1]: $38.0m)

Corporate social investment

$0.9m
(2020[1]: $1.1m)

Total country procurement

$173.0m
(2020[1]: $131.3m)

of which in country procurement

$59.9m
(2020[1]: $63.9m)

$56.0m
(2020[1]: $35.0m)
Capital expenditure

Total taxes and royalties borne and Taxes collected

$127.9m
(2020[1]: $44.5m)

$78.1m (2020[1]: $7.1m)
Corporate income tax

$19.0m (2020[1]: $12.8m)
Royalties and mining taxes

$12.6m (2020[1]: $9.0m)
Other payments borne

$18.2m (2020[1]: $15.6m)
Taxes collected

For explanations of each term used above, please see glossary on page 34.

[1] 2020 data has been rebased in order to provide like-for-like comparatives as per improved metrics outlined on page 5.

Reconciliation of 2021 corporate income tax

In order to enhance transparency surrounding our key financial data, this disclosure provides a link between our key attributes of taxes accrued and paid as well as our effective tax rates in our Key Operating Jurisdictions.

The income tax expense recorded in our Annual Financial Statements will differ from Cash Tax paid, not least owing to the tax payment instalment regimes in each of our operating jurisdictions.

Tax expense and effective tax rate

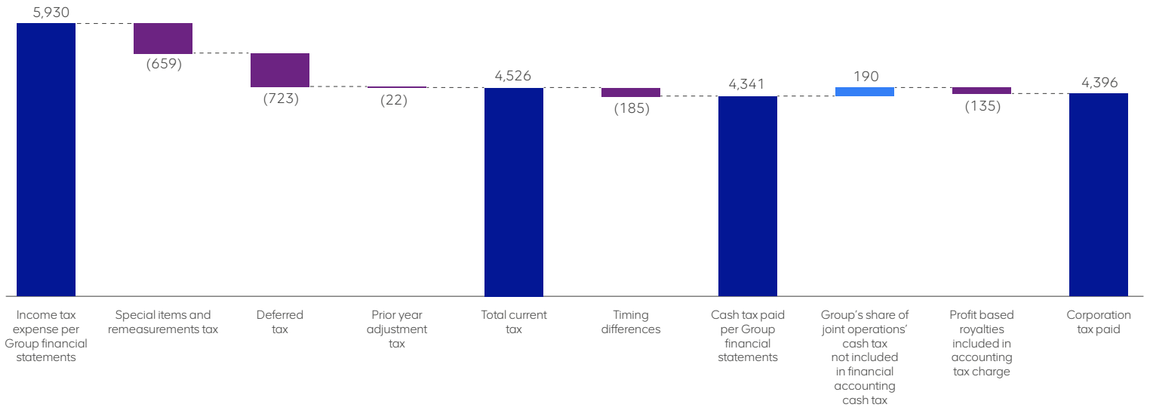
The table below represents the statutory and underlying effective tax rates for the Anglo American Group. The purpose of the underlying effective tax rate is to exclude the impact of certain items owing to their nature and also the effect of a different basis of consolidation to aid comparability.

	Group 2021		
	Profit before tax $ million	Tax (charge)/ credit $ million	Effective tax rate
Calculation of effective tax rate (statutory basis)	17,629	(5,930)	33.6%
Adjusted for:			
Special items and remeasurements	(353)	659	
Associates' and joint ventures' tax and non-controlling interests	224	(222)	
Calculation of underlying effective tax rate	17,500	(5,493)	31.4%

The effective tax rate in 2021 was mainly impacted by the relative levels of profits arising in the Group's operating jurisdictions.

Reconciliation of taxes paid to tax expense

$ million



$ million	2021
Profit before tax	17,629
Less: Net income from associates and joint ventures	(634)
Profit before tax (excluding associates and joint ventures)	16,995
Tax calculated at United Kingdom corporation tax rate of 19%	3,229
Tax effects of:	
Items non-deductible/taxable for tax purposes	49
Temporary difference adjustments	
Current year losses not recognised	229
Recognition of losses and temporary differences not previously recognised	(22)
Utilisation of losses and temporary differences not previously recognised	(102)
Other temporary differences	(7)
Special items and remeasurements	625
Other adjustments	
Dividend withholding taxes	300
Effect of differences between local and United Kingdom tax rates	1,582
Prior year adjustments to current tax charge	22
Other adjustments	25
Income tax expense recorded in the Group financial statements	5,930

Basis of report preparation

The purpose of this report is to provide an overview of the tax and economic contribution made by the Anglo American Group, as well as further transparency on how tax is managed as part of the Group's overall commercial activities.

Unless otherwise stated, the tax data and economic contribution included in this Report are based on the cash payments made by entities included in the consolidated accounts of the Anglo American Group as at 31 December 2021. We have included the taxes, royalties and other payments made to governments by these entities on the following basis aligned with the accounting in the Group's consolidated financial statements: full payments (net of refunds) for entities consolidated for accounting purposes, plus a proportionate share of payments (net of refunds) for joint operations based on the Group's percentage shareholding. No amounts have been included for joint ventures or associates where these entities are equity accounted in the consolidated financial statements. The socio-economic contribution is based on the attributable proportion to Anglo American. See note 34 of the Group's financial statements for further details.

In prior years we showed all of the contributions of each of the assets that we had significant investments in (subsidiaries, joint operations, joint ventures and associates), so that stakeholders could best understand the value of total operations of which we had an interest in their country. The 2020 Report prepared on this basis remains published on the Anglo American website. Given the basis of preparation has changed in relation to several assets and countries, we are also including prior year comparatives calculated on the same basis as this year's Report. For information on why we have made these changes to the basis of preparation, see page 5.

Tax data has been disclosed in US dollars in line with the Group's functional currency for consolidated accounting purposes. Where relevant, any tax payments have been translated from the applicable local currency to US dollars at the average exchange rate for the applicable period.

As the tax data has been prepared on a cash tax basis, the relevant figures differ to those included in the Group's financial statements prepared on an accruals basis. In general, the tax provision accrued for financial statements purposes represents the best estimate of taxes payable in respect of a period, as well as any adjustments to prior provisions. The cash tax data represents payments made to governments in a specific calendar year, which may also be in respect of a different fiscal year for tax purposes. See page 31 for a reconciliation between these amounts.

Payments to governments

The total payments made to government in 2021 of $7,133.7m (2020:$3,777.7m) are made up of the following items:

- Corporate income tax $4,395.5m (2020: $1,683.9m)
- Royalties and mining taxes $1,392.5m (2020: $737.7m)
- Other taxes borne $354.6m (2020: $368.8m)
- Taxes collected $991.1m (2020: $987.2m).

Details of the types of taxes included in the above can be found in the glossary.

Since 1 January 2015, Anglo American has been subject to the project-by-project reporting requirements of the UK Reports on Payments to Government Regulations (SI 2014/3209) and Chapter 10 of the EU Accounting Directive (2013/34/EU). These rules require that the Group prepares and submits to Companies House, the UK registrar of companies, a full analysis of tax and certain other payments made to governments in respect of extractive projects on a project-by-project basis.

Anglo American's seventh report under this regime is due to be submitted in a specified format to Companies House on 30 June 2022 in respect of the year ended 31 December 2021. Further disclosures will be included on the Group website and will complement our disclosure to Companies House.

Country-by-country reporting

Anglo American first published its country-by-country reporting data (in accordance with the OECD's template) as an appendix to its 2018 Tax and Economic Contribution Report, and took the same approach for 2019 data. The publication of the country-by-country reporting data for 2020 was published in 2021, and for the first time was aligned to the GRI 207-4 reporting requirements (see page 11).

2021 country-by-country data will be compiled and published in 2022. It will continue to be aligned to the GRI 207-4 reporting requirements.

Assurance report

Independent Limited Assurance Report to the Directors of Anglo American plc

The Board of Directors of Anglo American plc ("Anglo American") engaged us to provide limited assurance on the information described below and set out in Tax and Economic Contribution Report 2021 for the years ended 31 December 2021 and 31 December 2020 (rebased).

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the years ended 31 December 2021 and 31 December 2020 (rebased) has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over Anglo American's Taxes and Royalties Borne figures of $6,142.6 million for the year ended 31 December 2021 and $2,790.5 million for the year ended 31 December 2020 (rebased) as found on the pages 1 and 7 of the Tax and Economic Contribution Report 2021 and marked with the symbol Ⓐ (the "Selected Information"). Our assurance does not extend to any other information included in the Tax and Economic Contribution Report 2021.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Basis of Report Preparation (the "Reporting Criteria") on page 32 of the Tax and Economic Contribution Report 2021 which Anglo American is solely responsible for selecting and applying. It includes other payments to the government, such as licences and extraction fees. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of Anglo American's management, including those with responsibility for the Selected Information;
- performed analytical procedures over the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to financial statements or source data (such as tax returns and bank payments); and
- considered the disclosure and presentation of the Selected Information.

The Directors' responsibilities

The Directors of Anglo American are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting Selected Information based on the Reporting Criteria; and
- the content of the Tax and Economic Contribution Report 2021.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Anglo American.

This report, including our conclusions, has been prepared solely for the Board of Directors of Anglo American in accordance with the agreement between us dated 5 January 2022, in order to assist the Directors in reporting the Selected Information. We permit this report to be disclosed in the Tax and Economic Contribution Report 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Anglo American for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
3 March 2022

Glossary of key terms

Term	Definition
Capital investment	Capital investment is defined as cash expenditure on property, plant and equipment including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.
Cash tax	The amount of tax actually paid or received by an entity in the relevant period as opposed to an accrual for accounting purposes.
Controlled	For the purpose of this report, control is achieved where Anglo American's effective holding is greater than 50%.
Corporate income tax	Payments to governments based on taxable profits under legislated income tax rules. This also includes payments made to revenue authorities in respect of disputed claims and withholding taxes on dividends, interest and royalties.
Corporate social investment	Refers to all social investment spend that is not related to impact management, either from allocated budgets or established Foundations.
Employees	Average number of Group employees, excluding employees of contractors, associates and joint ventures, and including a proportionate share, based on percentage shareholding of employees within joint operations.
Employment tax	Payments to government arising from payment of remuneration to employees including wages, salaries and bonuses.
Key operating jurisdiction	A jurisdiction in which Anglo American has significant extractive, marketing or headquarter operations.
Local procurement	Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters as Social Way 3.0.
Other payments borne	Taxes or other payments to governments relating to environmental policy and licensing requirements, including employer payroll taxes, carbon taxes, landfill taxes, aggregate taxes, permits and other entry fees and considerations.

Term	Definition
Royalties and mining taxes	Payments to governments in relation to both revenue or production generated under licence agreements and royalty related income taxes. This also includes payments to revenue authorities in respect of disputed claims.
Taxes and royalties borne	Payments in respect of taxes directly incurred by Anglo American as a result of its economic activity. This amount is made up of corporate income tax, royalties and mining taxes and other payments borne.
Taxes collected	Payments in respect of taxes by Anglo American which are incurred by other parties (e.g. customers or employees) which directly arise from the economic activity of the Group.
Taxes and royalties paid	Payments in respect of taxes by Anglo American including both taxes and royalties borne and taxes collected.
Total cash value distributed to stakeholders	Total cash value distributed to stakeholders comprises of the sum of total tax and economic contribution and returns to Anglo American plc shareholders and other providers of capital.
Total country procurement	Procurement of all goods or services in relation to business unit operations in that operating jurisdiction whether treated as capital investment or operating expenditure. Total country procurement comprises of purchases which meet the criteria of localised procurement plus non-localised procurement.
Total tax and economic contribution	Comprises of the sum of taxes and royalties borne, taxes collected, corporate social investment, wages and related payments and total country procurement (including capital investment).
Wages and related payments	Payroll costs (excluding payroll taxes) in respect of employees.

Group terminology

In this document, references to 'Anglo American', the 'Anglo American Group', the 'Group', 'we', 'us', and 'our' are to refer to either Anglo American plc and its subsidiaries and/or those who work for them generally, or where it is not necessary to refer to a particular entity, entities or persons. The use of those generic terms herein is for convenience only, and is in no way indicative of how the Anglo American Group or any entity within it is structured, managed or Controlled. Anglo American subsidiaries, and their management, are responsible for their own day-to-day operations, including but not limited to securing and maintaining all relevant licences and permits, operational adaptation and implementation of Group policies, management, training and any applicable local grievance mechanisms. Anglo American produces Groupwide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day-to-day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses.

Forward-looking statements and third-party information

This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Anglo American's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations, prospects and projects (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserve and Mineral Resource positions) and sustainability performance related (including environmental, social and governance) goals, ambitions, targets, visions, milestones and aspirations, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and project development capabilities and delivery, recovery rates and other operational capabilities, safety, health or environmental incidents, the effects of global pandemics and outbreaks of infectious diseases, natural catastrophes or adverse geological conditions, climate change and extreme weather events, the outcome of litigation or regulatory proceedings, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transport infrastructure, the development, efficacy and adoption of new technology, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty, tensions and disputes and economic conditions in relevant areas of the world, evolving societal and stakeholder requirements and expectations, the actions of competitors, activities by courts, regulators and governmental authorities such as in relation to permitting or forcing closure of mines and ceasing of operations or maintenance of Anglo American's assets and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in Anglo American's most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers, the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Nothing in this document should be interpreted to mean that future earnings per share of Anglo American will necessarily match or exceed its historical published earnings per share. Certain statistical and other information about Anglo American included in this document is sourced from publicly available third-party sources. As such it has not been independently verified and presents the views of those third parties, but may not necessarily correspond to the views held by Anglo American and Anglo American expressly disclaims any responsibility for, or liability in respect of, such information.

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