
ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

COMPANY INFORMATION

Directors	A S Grafton E C Klonarides A C MacPherson (resigned 27 May 2021) V L Meredith (appointed 31 July 2020) A C Sanches Noronha (appointed 26 May 2021) C A O'Donnell A M O'Neill Z Quattrocchi T Sessel (resigned 31 July 2020) M T S Walker J Wilson (appointed 26 May 2021)
Company secretary	Anglo American Corporate Secretary Limited
Registered number	11352289
Registered office	17 Charterhouse Street London United Kingdom EC1N 6RA
Independent auditors	PricewaterhouseCoopers LLP Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London United Kingdom E14 5HP

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 6
Independent auditors' report	7 - 9
Statement of comprehensive income	10
Balance sheet	11 - 12
Statement of changes in equity	13 - 14
Notes to the financial statements	15 - 33

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

Anglo American Technical & Sustainability Services Ltd (the "Company") provides management, technical and consultancy services to certain companies in the Anglo American Group (the "Group"). The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Business review

As shown in the Company's Statement of comprehensive income, the Company has a loss for the year of \$203,393,045 compared to a loss of \$108,361,085 in the prior year. The increase in the loss is as a result of the ramp up of activity in the Company which became active from 1 April 2019 and the prior year comparatives include 9 months of expenditure. Certain activities, largely relating to exploration, research and development, are not recharged to the rest of the Group and largely account for the loss in the Company.

The Balance sheet shows that the Company is in a net liability position of \$172,054,067 for the year compared to a net asset position of \$27,817,694 in the prior year.

Principal risks and uncertainties and financial risk management policies

The directors consider the risks attached to the Company's financial instruments which principally comprise loans to other group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company.

The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. Credit risk is not considered to be material on the basis that the Company's debtor balances are due from other companies within the Anglo American Group.

Key performance indicators

The directors consider the Company's key performance indicators to be the control of and cost effective spend on management and technical services for the benefit of certain companies in the Group. This performance is monitored by the directors by way of management reports.

Section 172(1) statement

The Company Board is cognisant of its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of stakeholders and other factors. These include the likely consequences of any decisions we make in the long term; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct.

The Board received an update on the Companies (Miscellaneous Reporting) Regulations 2018 amongst other things.

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

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

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Our Purpose and Values

The Board recognises the role of the Company's business in society and within the Anglo American Group. The Group's purpose is summarised as 'to re-imagine mining to improve people's lives', and the Company is focused on contributing to the achievement of this purpose.

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

Engaging our stakeholders

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

The Company's stakeholders include our host communities, governments, industry peers and broader civil society in addition to our shareholders.

The Interests of the Company's Employees

The Board acknowledges that our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us. We consider workforce engagement to be a priority for every leader at Anglo American; for several years, the Group has run regular surveys to identify areas where, for example we need to do more to ensure that colleagues feel cared for and respected.

Long Term Decision Making

The Board took a range of factors and stakeholder considerations into account when making decisions in the year. Decisions are made within the context of the long term factors that may impact the Company and its stakeholders.

Relationships with Suppliers and Customers

The Company aims to be a valued and trusted partner to all members of the industry. This includes the suppliers and customers that we operate with.

This report was approved by the board on 29 July 2021 and signed by its order.



M Loosley
For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Company provides management, technical and consultancy services to certain companies in the Anglo American Group (the "Group"). The directors have the present intention of maintaining the business in its current form for the foreseeable future.

Branches of the Company are established in Australia, Chile and South Africa. The Australia branch has recognised a profit before tax for the year of \$4,085,596 (2019 - \$2,240,106) and the Chile branch has recognised a profit of \$4,051,379 (2019 - \$3,232,214). The South Africa branch is not yet active.

Results and dividends

The loss for the year, after taxation, amounted to \$203,393,045 (2019 - loss of 108,361,085).

The directors do not recommend the payment of a dividend (2019: \$NIL).

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

The directors who served during the year and up to the date of signing the financial statements were:

A S Grafton
E C Klonarides
A C MacPherson (resigned 27 May 2021)
V L Meredith (appointed 31 July 2020)
A C Sanches Noronha (appointed 26 May 2021)
C A O'Donnell
A M O'Neill
Z Quattrocchi
T Sessel (resigned 31 July 2020)
M T S Walker
J Wilson (appointed 26 May 2021)

Principal risks and uncertainties and financial risk management policies

The financial risk management policies of the Company are disclosed in the Strategic Report.

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital and other needs.

The directors have also received support from Anglo American Services (UK) Ltd. for use to the extent that it is necessary, including but not limited to, not seeking repayment of amounts advanced to the Company by the Group unless alternative financing has been secured by the Company and advancing further amounts to the Company as required. This support will remain in place for the foreseeable future, including the period of 12 months from authorisation of the Company's financial statements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Engagement with employees

The Board acknowledges that our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us. We consider workforce engagement to be a priority for every leader at Anglo American; for several years, the Group has run regular surveys to identify areas where, for example we need to do more to ensure that colleagues feel cared for and respected. In 2019, the Group completed an employee survey which was issued to all of the Company's employees and participated either directly or indirectly in the Group's Global Workforce Advisory Panel chaired by Anglo American plc senior independent director, Byron Grote.

The Board ensures that the interest of employees is always at the forefront of any decisions made.

Our first and most important value as a Company is to Put Safety First, firmly believing that no asset or goal is worth as much as a human life.

The Company participates in a number of Group engagement channels with employees, including the global Employee Engagement Survey, regular employee presentations, annual events such as Global Safety Day and the YourVoice platform which enables employees to anonymously raise any concerns they may have.

To encourage the involvement of employees in the Company's performance, UK employees are eligible to participate in the Group's Save As You Earn (SAYE) scheme and Share Incentive Plan (SIP).

All UK employees are eligible to participate in the SAYE scheme, which encourages employee share ownership and the opportunity to share in the value created in the Group.

All UK employees who have been in employment for three months or more are eligible to participate in the SIP scheme of partnership and matching shares and all UK employees who have been in employment for five months or more are eligible to participate in the SIP free shares scheme. The Group matches the number of partnership shares bought on a 1:1 basis and at the discretion of the Anglo American plc Remuneration Committee, awards free shares up to the maximum permissible within an HMRC approved SIP scheme.

To achieve a common awareness of all employees in relation to the financial and economic factors that affect the performance of the Company, employees are kept informed on matters affecting their working lives and the performance of the Group through CEO briefing updates, announcements on the Company's intranet, formal and informal meetings at local level and direct written communications.

Engagement with suppliers, customers and others

The Company aims to be a valued and trusted partner to all members of the industry. This includes the suppliers and customers that we operate with.

Disabled employees

The Company's policy is that people with disabilities should have full and fair consideration for all vacancies.

Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. The Company endeavours to retain the employment of, and arrange suitable retraining for, any employees in the workforce who become disabled during their employment. Where possible the Company will adjust a person's working environment to enable them to stay in employment.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

At the 2020 Annual General Meeting of Anglo American plc, the Company's ultimate parent company, PricewaterhouseCoopers LLP were appointed as external auditor to the Group.

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 29 July 2021 and signed by its order.



M Loosley

For and on behalf of
Anglo American Corporate Secretary Limited
Secretary



Independent auditors' report to the members of Anglo American Technical & Sustainability Services Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Anglo American Technical & Sustainability Services Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2020; the statement of comprehensive income and the statement in changes of equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to international tax regulations and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias included within significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Review of Board minutes, discussions with management, internal audit and the legal function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Assessing significant judgements and estimates in particular those relating to impairment or impairment reversals related to receivables from fellow Group undertakings and other Group companies and the disclosure of these items.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

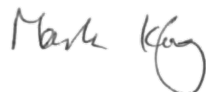
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 July 2021

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Turnover	4	295,242,836	137,342,314
Gross profit		<u>295,242,836</u>	<u>137,342,314</u>
Administrative expenses		(486,029,863)	(246,804,023)
Operating loss	5	<u>(190,787,027)</u>	<u>(109,461,709)</u>
Interest receivable and similar income	7	227,571	3,073,506
Interest payable and similar expenses	8	(9,278,237)	(441,829)
Loss before tax		<u>(199,837,693)</u>	<u>(106,830,032)</u>
Taxation	9	(3,555,352)	(1,531,053)
Loss for the financial year		<u>(203,393,045)</u>	<u>(108,361,085)</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on unfunded pension scheme		(448,292)	-
Deferred tax on unfunded pension scheme		121,039	-
		<u>(327,253)</u>	<u>-</u>
Total comprehensive loss for the year		<u>(203,720,298)</u>	<u>(108,361,085)</u>

The notes on pages 15 to 33 form part of these financial statements.

The results relate to continuing operations of the Company.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD
REGISTERED NUMBER: 11352289

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 \$	As restated 2019 \$
Fixed assets			
Intangible assets	10	61,962,068	23,719,481
Tangible Assets	11	84,786	110,131
		<u>62,046,854</u>	<u>23,829,612</u>
Current assets			
Debtors: amounts falling due within one year	12	270,925,693	185,759,603
Cash at bank and in hand	13	13,277,409	16,628,564
		<u>284,203,102</u>	<u>202,388,167</u>
Creditors: amounts falling due within one year	14	(506,599,511)	(188,531,887)
Net current (liabilities)/assets		<u>(222,396,409)</u>	<u>13,856,280</u>
Total assets less current liabilities		<u>(160,349,555)</u>	<u>37,685,892</u>
Creditors: amounts falling due after more than one year	15	(1,055,127)	(383,405)
Net assets excluding pension liability		<u>(161,404,682)</u>	<u>37,302,487</u>
Pension liability	22	(10,649,385)	(9,484,793)
Net (liabilities)/assets		<u>(172,054,067)</u>	<u>27,817,694</u>
Capital and reserves			
Called up share capital	18	1,501	1,501
Share premium account	19	149,998,500	149,998,500
Capital contribution reserve	19	3,848,537	-
Profit and loss account	19	(325,902,605)	(122,182,307)
Shareholders' (deficit)/funds		<u>(172,054,067)</u>	<u>27,817,694</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD
REGISTERED NUMBER: 11352289

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2021.



A S Grafton

Director

The notes on pages 15 to 33 form part of these financial statements.

Further details in respect of the prior year adjustments are disclosed in note 21.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital \$	Share premium account \$	Capital contribution reserve \$	Profit and loss account \$	Total equity \$
At 1 January 2020	1,501	149,998,500	-	(122,182,307)	27,817,694
Comprehensive loss for the year					
Loss for the year	-	-	-	(203,393,045)	(203,393,045)
Actuarial losses on unfunded pension scheme	-	-	-	(448,292)	(448,292)
Deferred tax on unfunded pension scheme	-	-	-	121,039	121,039
Other comprehensive loss for the year	-	-	-	(327,253)	(327,253)
Total comprehensive loss for the year	-	-	-	(203,720,298)	(203,720,298)
Share-based payments charge	-	-	3,848,537	-	3,848,537
Total transactions with owners	-	-	3,848,537	-	3,848,537
At 31 December 2020	1,501	149,998,500	3,848,537	(325,902,605)	(172,054,067)

The notes on pages 15 to 33 form part of these financial statements.

Further details in respect of the movements in the capital contribution reserve are disclosed in note 19.

Further details in respect of the actuarial losses on pension scheme are disclosed in note 21.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2019	1	-	-	1
Comprehensive loss for the year				
Loss for the year	-	-	(108,361,085)	(108,361,085)
Total comprehensive loss for the year	-	-	(108,361,085)	(108,361,085)
Shares issued during the year	1,500	149,998,500	-	150,000,000
Transfer to profit and loss account	-	-	(13,821,222)	(13,821,222)
Total transactions with owners	1,500	149,998,500	(13,821,222)	136,178,778
At 31 December 2019	1,501	149,998,500	(122,182,307)	27,817,694

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Anglo American Technical & Sustainability Services Ltd is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. Branches of the Company are established in Australia, Chile and South Africa. The activities of the branches include management, technical and consultancy services.

The nature of the Company's operations and principal activities is set out in the Directors' report.

The address of the registered office is given on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The Company may take FRS 101 exemptions as it is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and the Company is included in that consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital and other needs.

The directors have also received support from Anglo American Services (UK) Ltd. for use to the extent that it is necessary, including but not limited to, not seeking repayment of amounts advanced to the Company by the Group unless alternative financing has been secured by the Company and advancing further amounts to the Company as required. This support will remain in place for the foreseeable future, including the period of 12 months from authorisation of the Company's financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD as this is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Turnover from providing services is recognised in the accounting period in which the services are rendered.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

2.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Software	-	5	years
----------	---	---	-------

Capital work in progress is not depreciated.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	5	years
---------------------	---	---	-------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are not depreciated.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

There are no critical judgments made by the directors in applying the Company's accounting policies other than determining recoverability of loans. There are no key sources of estimation uncertainty other than those disclosed below.

Determining recoverability of loans

The Company assesses the recoverability of loans to group undertakings and makes provision in the event that full recovery is not expected. The recoverability of loans is assessed by review of the net asset position of the group undertaking.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

The whole of the turnover is attributable to the Company's principal activity of providing management, technical and consultancy services to certain companies in the Group.

Analysis of turnover by country of destination:

	2020 \$	2019 \$
Chile	62,827,440	46,893,420
United Kingdom	188,803,731	42,845,001
Australia	24,584,828	21,197,499
South Africa	3,956,049	20,442,188
Other	15,070,788	5,964,206
	<u>295,242,836</u>	<u>137,342,314</u>

Turnover comprises management, technical and consultancy services charged to other Group companies within the United Kingdom and other geographical areas.

5. Operating loss

The operating loss is stated after charging:

	2020 \$	2019 \$
Recharges from related undertakings	155,509,052	88,408,642
Legal and professional fees	98,515,438	32,425,646
Research and development costs	41,243,120	23,813,176
Amortisation of intangible assets	194,662	-
Exchange differences	1,840,455	118,667
	<u>1,840,455</u>	<u>118,667</u>

Audit fees for the audit of these financial statements of \$46,032 (2019 - \$17,828) have been borne by Anglo American Services (UK) Ltd.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Employees

The directors do not receive any emoluments in respect of their services as directors to the Company (2019 - £NIL). The directors do not believe it is practicable to apportion their total remuneration between their services as the directors of the Company and as directors of fellow group companies.

Staff costs were as follows:

	2020 \$	2019 \$
Wages and salaries	92,594,471	63,803,314
Social security costs	9,192,423	3,051,004
Cost of defined contribution scheme	3,783,769	2,445,980
	<u>105,570,663</u>	<u>69,300,298</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Employees	413	330
Directors	8	8
	<u>421</u>	<u>338</u>

7. Interest receivable and similar income

	2020 \$	2019 \$
Interest receivable from group companies	211,066	1,970,588
Foreign exchange gains	-	1,081,656
Bank and other interest receivable	16,505	21,262
	<u>227,571</u>	<u>3,073,506</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Interest payable and similar expenses

	2020	2019
	\$	\$
Bank interest payable	3	1,388
Interest payable on loans from group undertakings	4,496,318	419,236
Other interest payable	37,463	21,205
Interest payable on pension liability	324,526	-
Foreign exchange losses	4,419,927	-
	9,278,237	441,829
	9,278,237	441,829

9. Taxation

The UK rate of corporation tax has been presented within the rate reconciliation below as the most applicable rate due to the Company being UK resident for tax purposes.

	2020	2019
	\$	\$
Corporation tax		
Foreign tax	3,494,729	4,057,902
Adjustments in respect of previous periods	435,851	-
Total current tax	3,930,580	4,057,902
	3,930,580	4,057,902
Deferred tax		
Current year	(329,996)	(2,824,125)
Changes to tax rates	-	297,276
Adjustments in respect of previous periods	(45,232)	-
Total deferred tax	(375,228)	(2,526,849)
	(375,228)	(2,526,849)
Taxation on loss	3,555,352	1,531,053
	3,555,352	1,531,053

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 \$	2019 \$
Loss before tax	(199,837,693)	106,830,033
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(37,969,162)	(20,297,706)
Effects of:		
Expenses not deductible	6,984,367	960,601
Share option relief	(6,127,347)	-
Tax rate changes	-	297,276
Adjustments to tax charge in respect of prior periods	390,619	-
Effects of overseas tax rates	1,186,406	3,007,559
Group relief surrendered for nil consideration	-	3,750,954
Amounts not recognised	39,420,465	16,636,494
Foreign branch deferred tax	(329,996)	(2,824,125)
Total tax charge for the year	3,555,352	1,531,053

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Intangible assets

	Software \$	Capital work in progress \$	Total \$
Cost			
Prior Year Adjustment	-	23,719,481	23,719,481
At 1 January 2020 (as restated)	-	23,719,481	23,719,481
Additions	5,602,546	32,834,703	38,437,249
Transfers between classes	237,328	(237,328)	-
At 31 December 2020	<u>5,839,874</u>	<u>56,316,856</u>	<u>62,156,730</u>
Amortisation			
Charge for the year on owned assets	194,662	-	194,662
At 31 December 2020	<u>194,662</u>	<u>-</u>	<u>194,662</u>
Net book value			
At 31 December 2020	<u>5,645,212</u>	<u>56,316,856</u>	<u>61,962,068</u>
<i>At 31 December 2019 (as restated)</i>	<u>-</u>	<u>23,719,481</u>	<u>23,719,481</u>

Amounts incurred in respect of capital expenditure on various capital work in progress and software projects were previously classified as tangible fixed assets. In 2020 these costs have been recognised as intangible fixed assets and the prior year comparatives have been restated to move \$23,719,481 from tangible fixed assets to intangible fixed assets. There would be no impact as at 1 January 2019.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Tangible assets

	Plant and machinery \$	Other fixed assets \$	Total \$
Cost or valuation			
At 1 January 2020 (as previously stated)	120,691	23,719,481	23,840,172
Prior Year Adjustment	-	(23,719,481)	(23,719,481)
At 1 January 2020 (as restated)	<u>120,691</u>	<u>-</u>	<u>120,691</u>
At 31 December 2020	<u>120,691</u>	<u>-</u>	<u>120,691</u>
Depreciation			
At 1 January 2020	10,560	-	10,560
Charge for the year on owned assets	25,345	-	25,345
At 31 December 2020	<u>35,905</u>	<u>-</u>	<u>35,905</u>
Net book value			
At 31 December 2020	<u>84,786</u>	<u>-</u>	<u>84,786</u>
At 31 December 2019 (as restated)	<u>110,131</u>	<u>-</u>	<u>110,131</u>

Amounts incurred in respect of capital expenditure on various capital work in progress and software projects were previously classified as tangible fixed assets. In 2020 these costs have been recognised as intangible fixed assets and the prior year comparatives have been restated to move \$23,719,481 from tangible fixed assets to intangible fixed assets. There would be no impact as at 1 January 2019.

12. Debtors: amounts falling due within one year

	2020 \$	2019 \$
Amounts owed by group undertakings	255,920,284	175,135,184
Other debtors	9,424,627	5,826,104
Prepayments and accrued income	426,971	386,181
Deferred tax asset	5,153,811	4,412,134
	<u>270,925,693</u>	<u>185,759,603</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Debtors: amounts falling due within one year (continued)

The Company has a deposit agreement with Anglo American Capital plc in respect of surplus cash, of which the balance was \$NIL at year end (2019: \$60,493,370). The classification of the balance as due within one year is based on the balance being repayable on demand. Interest is charged on the balance at the one month LIBOR rate less ten basis points.

The remaining amounts owed by group undertakings relate to operating receivable balances in respect of management, technical and consultancy services charged by the Company. The balances are non-interest bearing and repayable within 60 days of invoice date.

13. Cash and cash equivalents

	2020 \$	2019 \$
Bank and cash balances	13,277,409	16,628,564
	<u>13,277,409</u>	<u>16,628,564</u>

14. Creditors: amounts falling due within one year

	2020 \$	2019 \$
Trade creditors	26,333,148	12,667,709
Amounts owed to group undertakings	408,478,969	123,337,982
Corporation tax	3,676,786	4,060,491
Other creditors	15,251,207	9,818,605
Accruals	52,859,401	38,647,100
	<u>506,599,511</u>	<u>188,531,887</u>

All liabilities are unsecured. Loans are considered to be due within one year based on being repayable on demand.

The Company has a balance due to Anglo American Capital plc of \$246,909,936 as at 31 December 2020 (2019: \$33,956,899). Interest is charged on the balance at the three month LIBOR rate applicable to the currency of each balance plus 225 basis points.

The remaining amounts owed to group undertakings relate to operating payable balances in respect of labour costs and other technical services charged by other group companies to the Company. The balances are non-interest bearing and repayable on demand.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Creditors: amounts falling due in more than one year

	2020	<i>As restated</i>
	\$	2019
		\$
Other creditors	1,055,127	383,405
	<u>1,055,127</u>	<u>383,405</u>
	<u>1,055,127</u>	<u>383,405</u>

The Chile branch of the Company participates in a multi-employer unfunded pension scheme. This pension obligation was previously incorrectly classified as a creditor falling due after more than one year. In 2020, the balance has been recognised as a pension liability and the prior year comparatives have been restated to move \$9,484,793 from creditors falling due after more than one year to pension liability. There would be no impact as at 1 January 2019.

16. Financial instruments

	2020	2019
	\$	\$
Financial assets		
Financial assets measured at amortised cost	265,344,911	180,961,288
Cash	13,277,409	16,628,564
	<u>278,622,320</u>	<u>197,589,852</u>
	<u>278,622,320</u>	<u>197,589,852</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(503,977,852)	184,854,801
	<u>(503,977,852)</u>	<u>184,854,801</u>
	<u>(503,977,852)</u>	<u>184,854,801</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, other creditors and accruals.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Deferred taxation

	2020 \$	2019 \$
At beginning of year	4,412,134	-
Charged to profit or loss	375,228	1,885,285
Charged to other comprehensive income	121,039	-
Foreign exchange movements	245,410	-
Transferred in year	-	2,526,849
At end of year	5,153,811	4,412,134

The deferred tax balance is made up as follows:

	2020 \$	2019 \$
Foreign branches deferred tax	5,153,811	4,412,134
	5,153,811	4,412,134

At 31 December 2020, the Company had unutilised tax losses carried forward of \$376,166,921 (2019 - \$87,560,494) for which no deferred tax asset has been recognised. This is on the basis that it is not probable that there will be sufficient and suitable taxable profits arising in future years against which to utilise them.

18. Called up share capital

	2020 \$	2019 \$
Shares classified as equity		
Allotted, called up and fully paid		
1 (2019 - 1) 1 ordinary share of £1 each	1	1
1,500 (2019 - 1,500) ordinary shares of \$1 each	1,500	1,500
	1,501	1,501

The Company has two classes of ordinary shares which carry no right to fixed income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19. Reserves

Share premium account

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Capital contribution reserve

Capital contribution reserve represents the share based payments charge in respect of Anglo American plc shares awarded to employees of the Company. During the year a share based payments charge of \$3,848,537 (2019 - \$NIL) was recognised by the Company.

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings or losses.

20. Share based payments

During the year ended 31 December 2020, the Company had six share-based payment arrangements with employees. All of the Group's schemes are equity settled, either by award of options to acquire Anglo American plc ordinary shares of 54 86/91 US cents (the "Ordinary Shares") (SAYE) or award of Ordinary Shares (BSP, LTIP, TIP, NCA and SIP).

The fair values of options granted under the SAYE schemes were calculated using a Black Scholes model. The fair value of Ordinary Shares awarded under the BSP and LTIP – ROCE was calculated using a Black Scholes model. The fair value of Ordinary Shares awarded under the LTIP – TSR scheme was calculated using a Monte Carlo model.

All options outstanding at 31 December 2020 with an exercise date on or prior to 31 December 2020 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2020 was \$18.77 (2019 - \$19.85).

21. Prior year adjustment

Amounts incurred in respect of capital expenditure on various capital work in progress and software projects were previously classified as tangible fixed assets. In 2020 these costs have been recognised as intangible fixed assets and the prior year comparatives have been restated to move \$23,719,481 from tangible fixed assets to intangible fixed assets. There would be no impact as at 1 January 2019.

The Chile branch of the Company participates in a multi-employer unfunded pension scheme. This pension obligation was previously incorrectly classified as a creditor falling due after more than one year. In 2020, the balance has been recognised as a pension liability and the prior year comparatives have been restated to move \$9,484,793 from creditors falling due after more than one year to pension liability. There would be no impact as at 1 January 2019.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Pension commitments

The Company participates in a defined contribution pension scheme, the assets of which are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to \$1,944,421 (2019 - \$1,311,221).

The Australia branch of the Company participates in government legislated superannuation funds. The pension cost charge represents contributions payable by the Australian branch of the Company to these funds and amounted to \$1,839,348 (2019 - \$1,134,759).

The Chile branch of the Company participates in a multi-employer unfunded pension scheme.

Independent qualified actuaries carry out a valuation every year using the projected unit credit method. The actuaries have updated the valuations to 31 December 2020 using assumptions suitable for IAS 19. Assumptions are set after consultation with the qualified actuaries.

Reconciliation of present value of plan liabilities:

	2020	<i>As restated</i>
	\$	2019 \$
Reconciliation of present value of plan liabilities		
At the beginning of the year	9,484,723	-
Transfer of pension liability	-	9,220,507
Current service cost	(979,525)	1,199,371
Interest cost	324,526	-
Actuarial loss	448,292	-
Past service cost	851,913	-
Foreign exchange (gains)/losses	519,456	(935,085)
At the end of the year	10,649,385	9,484,793
	2020	<i>As restated</i>
	\$	2019 \$
Present value of plan liabilities	(10,649,385)	(9,484,793)
Net pension scheme liability	(10,649,385)	(9,484,793)

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2020	<i>As restated</i> 2019
	\$	\$
Interest on pension scheme liabilities	(324,526)	-
Past service costs	(851,913)	-
Current service costs	979,525	<i>(1,199,371)</i>
Total	<u>(196,914)</u>	<i><u>(1,199,371)</u></i>

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was \$448,292 (2019 - \$NIL).

The Company expects to contribute \$NIL to its participates in a multi-employer unfunded pension scheme in 2021.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate - nominal	3.457	3.462
Discount rate - real	0.507	0.314
Future salary increases	1.500	1.500
Inflation assumption	2.940	3.080

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2020	2019
	\$	\$
Unfunded pension obligation	(10,649,385)	<i>(9,484,793)</i>
Deficit	<u>(10,649,385)</u>	<i><u>(9,484,793)</u></i>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22. Pension commitments (continued)

The Chile branch of the Company participates in a multi-employer unfunded pension scheme. This pension obligation was previously incorrectly classified as a creditor falling due after more than one year. In 2020, the balance has been recognised as a pension liability and the prior year comparatives have been restated to move \$9,484,793 from creditors falling due after more than one year to pension liability. There would be no impact as at 1 January 2019.

23. Post balance sheet events

There have been no significant events affecting the Company since the year end.

24. Ultimate Parent Undertaking and Controlling party

The immediate parent company is Anglo American Technical & Sustainability Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and controlling entity is Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Anglo American plc is the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared.

The financial statements of both the immediate and ultimate parent companies may be obtained from the Company Secretary, 17 Charterhouse Street, London, EC1N 6RA, the registered office of both companies.