

Registered number: 11352289

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

COMPANY INFORMATION

Directors	C D Fish (appointed 16 September 2021) A S Grafton E C Klonarides (resigned 12 November 2021) A C MacPherson (resigned 27 May 2021) V L Meredith C Murphy (appointed 12 November 2021) A C Sanches Noronha (appointed 26 May 2021) C A O'Donnell A M O'Neill Z Quattrocchi M T S Walker (resigned 1 September 2021) 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

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ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

Anglo American Technical & Sustainability Services Ltd (the "Company") provides management, technical and consultancy services to 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 reported in the Company's statement of comprehensive income, the Company has a loss after tax for the year of \$259,183,000 compared to a loss of \$203,392,000 in the prior year. The increase in the loss is as a result of the continuing ramp up of activity in the Company. 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 \$416,740,000 for the year compared to a net liability position of \$172,054,000 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 and those companies are considered to have sufficient liquidity or financial support to be able to settle amounts owed to the Company.

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.

The Technical & Sustainability (T&S) employees of the Company work in partnership with Business Units and other Group functions to deliver the Group's goals on its seven pillars of value:- Safety & Health, Environment, - Socio-Political, People, Production, Cost and Financial. The performance and tracking of key initiatives are monitored and discussed on a monthly basis with the T&S Leadership team, and our Balanced Scorecard is presented quarterly at the T&S Townhalls. The directors consider the Company's key performance indicators to be the following:

- Operating Costs - 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.
- Turnover - 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 via the provision of services to the Business Units. The Company's Turnover represents arm's length charges to the Business Units for those services provided (in compliance with OECD specific guidelines) and is monitored by the T&S Leadership team on a quarterly basis.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 16 June 2022 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 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

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 regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Principal activities

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 \$7,335,966 (2020 - \$4,085,596) and the Chile branch has recognised a profit of \$3,635,737 (2020 - \$4,051,379). The South Africa branch is not yet active.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Results and dividends

The loss for the year, after taxation, amounted to \$259,183,000 (2020 - 203,392,000).

The directors do not recommend the payment of a dividend (2020 - \$NIL).

Directors

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

C D Fish (appointed 16 September 2021)
A S Grafton
E C Klonarides (resigned 12 November 2021)
A C MacPherson (resigned 27 May 2021)
V L Meredith
C Murphy (appointed 12 November 2021)
A C Sanches Noronha (appointed 26 May 2021)
C A O'Donnell
A M O'Neill
Z Quattrocchi
M T S Walker (resigned 1 September 2021)
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 it 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 a commitment of financial 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 at least 12 months from authorisation of the Company's financial statements.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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. The Group undertakes global employee engagement surveys which are issued to all of the Company's employees and participates, either directly or indirectly, in the Group's Global Workforce Advisory Panel.

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.

Post balance sheet events

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

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditors

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 16 June 2022 and signed by its order.



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

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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 2021 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 and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the statement of comprehensive income and the statement of changes in 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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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 2021 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 the Companies Act 2006 and applicable tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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:

- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- Inquiry of management, Internal Audit and the Company's legal advisors regarding their consideration of known or suspect instances of non-compliance with laws and regulations and fraud;

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

- Challenging assumptions a judgements made by management in respect of critical accounting judgements and significant accounting estimates, and assessing these judgements and estimates for management bias.

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

Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 June 2022

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$000	2020 \$000
Turnover	4	273,796	295,243
Gross profit		<u>273,796</u>	<u>295,243</u>
Administrative expenses		(546,678)	(486,030)
Other operating income	5	30,341	-
Operating loss	6	<u>(242,541)</u>	<u>(190,787)</u>
Interest receivable and similar income	8	14	227
Interest payable and similar expenses	9	(13,490)	(9,278)
Loss before tax		<u>(256,017)</u>	<u>(199,838)</u>
Tax on loss	10	(3,166)	(3,555)
Loss for the financial year		<u>(259,183)</u>	<u>(203,393)</u>
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on unfunded pension scheme		(109)	(448)
Movements of deferred tax relating to pension deficit		29	121
Total other comprehensive loss		<u>(80)</u>	<u>(327)</u>
Total comprehensive loss for the year		<u>(259,263)</u>	<u>(203,720)</u>

The notes on pages 16 to 37 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 2021

	Note	2021 \$000	2020 \$000
Fixed assets			
Intangible assets	11	93,742	61,962
Tangible Assets	12	60	85
Investments	13	8,500	-
		<u>102,302</u>	<u>62,047</u>
Current assets			
Debtors: amounts falling due within one year	14	264,369	270,926
Cash at bank and in hand	15	27,398	13,277
		<u>291,767</u>	<u>284,203</u>
Creditors: amounts falling due within one year	16	(800,920)	(506,600)
Net current liabilities		<u>(509,153)</u>	<u>(222,397)</u>
Total assets less current liabilities		<u>(406,851)</u>	<u>(160,350)</u>
Creditors: amounts falling due after more than one year	17	(1,331)	(1,055)
Net liabilities excluding pension liability		<u>(408,182)</u>	<u>(161,405)</u>
Pension liability		(8,558)	(10,649)
Net liabilities		<u>(416,740)</u>	<u>(172,054)</u>
Capital and reserves			
Called up share capital	20	2	2
Share premium account	21	149,998	149,998
Capital contribution reserve	21	18,426	3,849
Profit and loss account	21	(585,166)	(325,903)
Total Shareholders' deficit		<u>(416,740)</u>	<u>(172,054)</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD
REGISTERED NUMBER: 11352289

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 June 2022.



C D Fish
Director

The notes on pages 16 to 37 form part of these financial statements.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital \$000	Share premium account \$000	Capital contribution reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2021	2	149,998	3,849	(325,903)	(172,054)
Comprehensive loss for the year					
Loss for the year	-	-	-	(259,183)	(259,183)
Actuarial losses on unfunded pension scheme	-	-	-	(109)	(109)
Deferred tax on unfunded pension scheme	-	-	-	29	29
Other comprehensive loss for the year	-	-	-	(80)	(80)
Total comprehensive loss for the year	-	-	-	(259,263)	(259,263)
Share-based payments charge	-	-	14,577	-	14,577
Total transactions with owners	-	-	14,577	-	14,577
At 31 December 2021	2	149,998	18,426	(585,166)	(416,740)

The notes on pages 16 to 37 form part of these financial statements.

Further details in respect of the movements in the capital contribution reserve are disclosed in note 20.

Further details in respect of the actuarial losses on pension scheme are disclosed in note 22.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

	Called up share capital \$000	Share premium account \$000	Capital contribution reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2020	2	149,998	-	(122,183)	27,817
Comprehensive loss for the year					
Loss for the year	-	-	-	(203,393)	(203,393)
Actuarial losses on unfunded pension scheme	-	-	-	(448)	(448)
Deferred tax on unfunded pension scheme	-	-	-	121	121
Other comprehensive loss for the period	-	-	-	(327)	(327)
Total comprehensive loss for the year	-	-	-	(203,720)	(203,720)
Share-based payments charge	-	-	3,849	-	3,849
Total transactions with owners	-	-	3,849	-	3,849
At 31 December 2020	2	149,998	3,849	(325,903)	(172,054)

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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).

Changes in accounting policies and disclosures

The accounting policies applied are consistent with those adopted and disclosed in the financial statements for the year ended 31 December 2020, except for the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform — Phase 2.

The adoption of this new accounting pronouncement has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Company.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 it 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 a commitment of financial 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 at least 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 United States Dollars (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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension scheme

The Company operates a defined benefit pension scheme for which full actuarial valuations are carried out at least every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, is based on government bonds.

Remeasurements comprising actuarial gains and losses are recognised immediately in the Statement of changes in equity and are not recycled to profit or loss. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The net interest cost on the net defined benefit liability is included in interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised on a straight line basis over the average period until the benefits vest. The retirement benefit obligation recognised on the balance sheet represents the present value of the deficit of the defined benefit plans.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 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.

2.10 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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 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
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Capital work in progress is not depreciated.

2.12 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
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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.

2.13 Valuation of investments

Investments are measured at cost less accumulated impairment.

2.14 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.

2.15 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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Company will comply with all attached conditions.

Government grants relating to costs are recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

During the year, the Company has claimed Research and Development expenditure credit (RDEC) in respect of costs incurred on research and development projects. See note 5 for further details.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 application of the expected credit loss model along with a qualitative assessment. The expected credit losses on receivables are estimated by reference to past default experience and credit rating, adjusted for current observable data.

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:

	2021 \$000	2020 \$000
Chile	65,742	62,827
United Kingdom	167,724	188,804
Australia	32,498	24,585
South Africa	-	3,956
Other	7,832	15,071
	<u>273,796</u>	<u>295,243</u>

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

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Other operating income	30,341	-
	30,341	-

The Company has recognised other operating income of \$30,341,000 (2020 - \$NIL) in respect of Research and Development expenditure credit (RDEC) that has been claimed during the year from Her Majesty's Revenue and Customs (HMRC) on qualifying research and development projects.

6. Operating loss

The operating loss is stated after charging:

	2021	<i>2020</i>
	\$000	<i>\$000</i>
Recharges from related undertakings	52,555	<i>155,509</i>
Legal and professional fees	165,392	<i>98,515</i>
Research and development costs	63,713	<i>41,243</i>
Amortisation of intangible assets	1,168	<i>195</i>
Depreciation of tangible assets	25	<i>25</i>
Exchange differences	3,718	<i>1,840</i>

Audit fees for the audit of these financial statements of \$50,719 (2020 - \$46,032) 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 2021**

7. Employees

The directors do not receive any emoluments in respect of their services as directors to the Company (2020 - £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:

	2021 \$000	2020 \$000
Wages and salaries	112,452	92,594
Social security costs	15,807	9,192
Share-based payments	14,577	3,849
Cost of defined contribution scheme	5,269	3,784
	<u>148,105</u>	<u>109,419</u>

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

	2021 No.	2020 No.
Employees	485	413
Directors	9	8
	<u>494</u>	<u>421</u>

8. Interest receivable and similar income

	2021 \$000	2020 \$000
Interest receivable from group companies	-	211
Bank and other interest receivable	14	16
	<u>14</u>	<u>227</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Interest payable and similar expenses

	2021	2020
	\$000	\$000
Interest payable on loans from group undertakings	12,557	4,496
Other interest payable	137	37
Interest payable on pension liability	345	325
Foreign exchange losses	451	4,420
	13,490	9,278
	13,490	9,278

10. Tax on loss

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.

	2021	2020
	\$000	\$000
Corporation tax		
Foreign tax	6,058	3,495
Adjustments in respect of previous periods	(467)	436
Total current tax	5,591	3,931
Deferred tax		
Current year	(1,388)	(331)
Adjustments in respect of previous periods	(1,037)	(45)
Total deferred tax	(2,425)	(376)
Taxation on loss	3,166	3,555

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 \$000	2020 \$000
Loss before tax	<u>(256,017)</u>	<u>(199,838)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(48,643)	(37,969)
Effects of:		
Expenses not deductible	7,476	6,984
Share option relief	(7,281)	(6,127)
Tax rate changes	(496)	-
Adjustments to tax charge in respect of prior periods	(1,504)	391
Effects of overseas tax rates	3,049	1,186
Amounts not recognised	51,458	39,420
Foreign branch deferred tax	(893)	(330)
Total tax charge for the year	<u><u>3,166</u></u>	<u><u>3,555</u></u>

Factors that may affect future tax charges

The Finance (No. 2) Act 2015 reduced the standard rate of 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, however, legislation in the Finance Act 2020, enacted in July 2020, repealed this reduction. The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 31 December 2021. Deferred tax has been measured at 25% (2020 - 19%) as the temporary differences are not expected to materially reverse before April 2023.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Intangible assets

	Software \$000	Capital work in progress \$000	Total \$000
Cost			
At 1 January 2021	5,840	56,317	62,157
Additions	-	32,948	32,948
At 31 December 2021	<u>5,840</u>	<u>89,265</u>	<u>95,105</u>
Accumulated amortisation			
At 1 January 2021	195	-	195
Charge for the year on owned assets	1,168	-	1,168
At 31 December 2021	<u>1,363</u>	<u>-</u>	<u>1,363</u>
Net book value			
At 31 December 2021	<u>4,477</u>	<u>89,265</u>	<u>93,742</u>
<i>At 31 December 2020</i>	<u>5,645</u>	<u>56,317</u>	<u>61,962</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible assets

	Plant and machinery \$000
Cost or valuation	
At 1 January 2021	121
At 31 December 2021	<u>121</u>
Accumulated depreciation	
At 1 January 2021	36
Charge for the year on owned assets	25
At 31 December 2021	<u>61</u>
Net book value	
At 31 December 2021	<u>60</u>
<i>At 31 December 2020</i>	<u>85</u>

13. Investments

	Investments \$000
Cost or valuation	
At 1 January 2021	-
Additions	8,500
At 31 December 2021	<u>8,500</u>
Net book value	
At 31 December 2021	<u>8,500</u>
<i>At 31 December 2020</i>	<u>-</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Investments (continued)

Other investments

The following was an investment of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
First Mode Holdings Inc.	542 First Avenue South, Suite 300 Seattle WA 98104 USA	Technical operating company	Series A-1 preferred stock	10%

During the year, the Company purchased 1,322,222 shares of Series A-1 preferred stock for total consideration of \$8,500,000.

14. Debtors: amounts falling due within one year

	2021 \$000	2020 \$000
Amounts owed by group undertakings	226,261	255,920
Other debtors	12,617	9,425
Prepayments and accrued income	-	427
Corporation tax	18,066	-
Deferred tax asset	7,425	5,154
	<u>264,369</u>	<u>270,926</u>

The 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.

15. Cash at bank and in hand

	2021 \$000	2020 \$000
Bank and cash balances	27,398	13,277
	<u>27,398</u>	<u>13,277</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Creditors: Amounts falling due within one year

	2021	2020
	\$000	\$000
Trade creditors	30,198	26,333
Amounts owed to group undertakings	680,821	408,479
Corporation tax	-	3,677
Other creditors	12,373	15,251
Accruals	77,528	52,860
	<u>800,920</u>	<u>506,600</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 \$618,742,718 as at 31 December 2021 (2020 - \$246,909,936). 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.

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

	2021	2020
	\$000	\$000
Other creditors	1,331	1,055
	<u>1,331</u>	<u>1,055</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Financial instruments

	2021	2020
	\$000	\$000
Financial assets		
Financial assets measured at amortised cost	238,878	265,345
Cash	27,398	13,277
	<u>266,276</u>	<u>278,622</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(802,251)</u>	<u>(503,979)</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.

19. Deferred taxation

	2021	2020
	\$000	\$000
At beginning of year	5,154	4,412
Charged to profit or loss	2,425	375
Charged to other comprehensive income	29	121
Utilised in year	(183)	246
At end of year	<u>7,425</u>	<u>5,154</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021	2020
	\$000	\$000
Foreign branches deferred tax	7,425	5,154
	<u>7,425</u>	<u>5,154</u>

At 31 December 2021, the Company had unutilised tax losses carried forward of \$462,855,636 (2020 - \$376,166,921) 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.

20. Called up share capital

	2021	2020
	\$000	\$000
Shares classified as equity		
Allotted, called up and fully paid		
1 (2020 - 1) 1 ordinary share of £1 each	-	-
1,500 (2020 - 1,500) ordinary shares of \$1 each	2	2
	<u>2</u>	<u>2</u>

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

21. 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 \$14,577,222 (2020 - \$3,848,537) was recognised by the Company.

Profit and loss account

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

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Share based payments

During the year ended 31 December 2021, 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 2021 with an exercise date on or prior to 31 December 2021 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2021 was \$29.17 (2020 - \$18.77).

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. 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 \$2,893,045 (2020 - \$1,944,421).

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 \$2,376,299 (2020 - \$1,839,348).

The Chile branch of the Company participation 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 2021 using assumptions suitable for IAS 19. Assumptions are set after consultation with the qualified actuaries.

Reconciliation of present value of plan liabilities:

	2021	2020
	\$000	\$000
Reconciliation of present value of plan liabilities		
At the beginning of the year	10,649	9,485
Current service cost	880	(980)
Interest cost	345	325
Benefits paid	(1,797)	-
Actuarial loss	109	448
Past service cost	-	852
Foreign exchange (gains)/losses	(1,628)	519
At the end of the year	8,558	10,649
	2021	2020
	\$000	\$000
Present value of plan liabilities	(8,558)	(10,649)
Net pension scheme liability	(8,558)	(10,649)

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2021	2020
	\$000	\$000
Interest on pension scheme liabilities	(345)	(325)
Past service costs	-	(852)
Current service costs	(880)	980
Total	(1,225)	(197)

The cumulative amount of actuarial losses recognised in the statement of comprehensive income was \$557,000 (2020 - \$448,000). The actuarial loss recognised in the statement of comprehensive income for the year ended 31 December 2021 was \$109,000 (2020 - \$448,000).

The Company expects to contribute \$NIL to its participation in a multi-employer unfunded pension scheme in 2022.

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

	2021	2020
	%	%
Discount rate - nominal	6.725	3.457
Discount rate - real	3.395	0.507
Future salary increases	1.000	1.500
Inflation assumption	3.220	2.940

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2021	2020
	\$000	\$000
Unfunded pension obligation	(8,558)	(10,649)
Deficit	(8,558)	(10,649)

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Post balance sheet events

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

25. 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.