



# **Sustainability Performance 2022**

Thursday, 14<sup>th</sup> April 2022

## Key Sustainability Metrics

Anik Michaud

*Group Director, Corporate Relations and Sustainable Impact*

### Introduction

*Welcome everyone to our first sustainability update of the year. We endeavour to do these updates twice a year, not because of the numbers themselves, though they are important, but because this is a journey with multiple steps and we want to make sure we engage and share these elements as we progress.*

### Health and safety

*Covid impacts*

Covid is still very much front of mind despite us all starting to learn to live with it; but as you know, infections are spiking again as restrictions continue to ease in many countries. We see the ongoing effects of the disease on our workforce health tracking, on attendance or absenteeism and on productivity, and we just cannot let our guard down. We continue to focus on keeping employees and community members safe through our WeCare programme and you can see the four pillars of the programme on the slide. We are flexing our ongoing health protocols to reflect the evolution of the disease in each part of the business and we are of course encouraging vaccination at every turn.

As you can imagine, some of these pressures have led to a slower start to the year operationally.

### Consistent metric tracking

*Sustainability compared to ESG*

We track a consistent set of metrics to manage our performance across all aspects of sustainability. This is not just about ESG, this is about sustainability and ensuring we have a truly sustainable business across all dimensions. And Mark in his closing is going to address this point.

*Sustainability report*

You have seen the data points in our 2021 results and the Sustainability Report and I am not going to walk you through them all, but since Stephen is not presenting today, I will do the numbers and highlight a couple of points. We are not perfect and we know there is still a lot of work to do but having said that, we are making some progress and Mark will specifically cover the area of safety in a moment.

*Progress on all key metrics*

A continued reduction in GHG emissions, down 8% year on year despite 5% higher production volumes, which Mark will also touch on. Strong progress on the implementation of our leading Social Way 3.0 management system. I talked to you about this a year ago. It is a significantly higher bar than any that has been set before in the industry and we are making progress in the roll out. 49% of foundational requirements have now been fulfilled, up from 23% last year. Just to give you a sense of how high that bar really is, I would consider that the 49%

implementation we achieved in 2021 represents a higher overall level of performance than the 96% we reported in 2019 against our old Social Way.

Finally, I'm delighted with the progress we are continuing to make on female representation in management, up from 27% to 31%.

## **Safety, Health and Environment**

Mark Cutifiani

*Chief Executive*

### **Environmental journey**

*Good performance, more to be done*

On safety, health, and environment, we continue to focus on our environmental journey. Eight years on, for the year's result we see some of our best performances, although as Anik said, there remains a lot to be done.

*Two fatalities*

Tragically, we have lost one colleague this year in an incident at the Moranbah colliery and unfortunately, we have also now reported the loss of a colleague from an incident back in 2021. Julian was making good progress but unfortunately has succumbed following medical complications. So it's been a pretty sad three weeks for us here in the business.

*Trying to hit zero harm*

It is my biggest regret that during my tenure we have not reached zero harm. We have reduced fatal incidents by over 90% but again we haven't hit zero and certainly in my view, and I know Duncan has said this, it will be his most important challenge going forward. So as he takes the business forward, I know it's his top priority and certainly commitment to all of our colleagues to provide a safe workplace remains our most important objective and certainly front and centre in terms of our values.

*Focus on planned work*

We did record a 59% reduction in safety incidents over the last few years, although as Anik pointed out, the Covid issues continue to impact our planned works through the operation. As a consequence, we have seen a flattening off of performance, and so there are some very specific interventions that we are taking out as we seek to try and take that to the next level. First is going to focus on getting a much higher proportion of planned work, which has dropped off through the Covid period, and that has certainly impacted our ability to deliver a safer working environment. That is where we've got to go.

*Operations impacted*

It does also impact on the operations; and as Anik said earlier, we have had a bit of a tough start. We have had record rainfall in South Africa and Brazil in the first quarter. That impacts the way we prepare areas and that has also impacted our planned work, which has had broader implications. So a tough quarter but something that we will pick up and try and improve as we go forward.

### *Significant improvement in health and environmental cases*

The good news is that we have seen 92% reduction in occupational health cases and 97% reduction in environmental incidents where the increase in planned works from where we started a number of years back has certainly driven significant performance improvement. Again, we have got to keep our eyes on that planned work and make sure it continues to go up as we continue to eliminate the incidents that we've seen.

So generally good progress but a little bit tougher over the last couple of years with the Covid impacts. Something we are all working on.

### *Level three environmental incident*

In 2021 we recorded one level three environmental incident related to a leakage of discharge from a water transfer line in our base metals plant in the platinum business. That issue has been corrected and we have increased the frequency of pipeline inspections and our repair and maintenance work has certainly been upgraded as part of that process. So that is a very important point to make given the incident that we recorded last year.

### *Elimination of Fatalities Taskforce*

Again, whilst we have made great progress on a number of fronts, the Elimination of Fatalities Taskforce is being reinvigorated to try and take us to that zero target we were talking about. We have also been actioning a lot of the key programmes that came out of that work as well, and that will be our focus during the next 12 months.

## **Strategy and purpose**

### *Future Smart Mining*

You will be familiar with our purpose and strategy context that we talk about for the business. In our case, our strategy is designed to live up to our purpose and with Future Smart Mining we set pathways and plans to deliver on that strategy. So our Sustainable Mining Plan is ultimately to deliver outcomes aligned with our purpose and that is of course reimagining mining to improve people's lives and to deliver enduring value in its many different forms for our range of stakeholders, and that includes obviously shareholders, employees, our local communities in particular, the broader governments and communities that we work within, and all of our stakeholders, including NGOs, that we do listen to and engage with to try and help us improve our business as we go forward.

## **Sustainable Mining Plan**

### *Three pillars*

In the slide we are showing the three pillars of our Sustainable Mining Plan. They include stretch goals that you will now be familiar with. These goals and targets are embedded into our business planning at a very granular level, so we cascade the responsibilities through the organisation, and it is the same way we manage our operational objectives, which is making sure that the things that we're targeting are part of daily life for every individual within the organisation. Similar safety, health, environment, and social metrics are embedded in our executive and senior management pay mechanisms, both bonuses and long-term incentives, including specifically around emissions and off-site job creation. That has certainly been a very strong topic of conversation with many of our stakeholders.

## **Energy transition**

On the energy transition, a key part of story is how we contribute to the global energy transition both through our activities on the ground and through the wider impacts of our portfolio in the business.

## **Supply chain and maintenance schedules**

To follow up Anik's point around the impacts of Covid on our operations, which you can see that the production line, these impacts continue partly due to still stretched supply chains throughout the global supply for mining products, and that is something much broader we have seen and it is being exacerbated further with the Russian-Ukraine conflict. These impacts continue partly due to stretched supply chains but also due to the residual impacts on our maintenance schedules, which can take some time to catch up. So a lot of work in that area of the business and we will certainly see that continue through the next 12 months.

### *Safety, maintenance, impact whole business*

As we have said for some time now, in 2021 we were operating at around 95% capacity; and from our point of view, we are still reviewing each operation to bring practices into line with our expectations, and that is on the plant work so that we can deliver on our potential. I think we've still got a way to go and certainly there is a lot more work to be done. I have been travelling through the operations over the last few weeks. We are reinforcing those measures, making sure we are focused on safety and that we get our maintenance practices back into line along with our mine planning schedules so that we improve first safety, our execution of our key development programmes and then making sure that that is coming through on the productivity line. Certainly, from my point of view, safety is the first point of call but these things impact other parts of the business as well and we acknowledge that it is a whole issue in approach to the way we run the business.

### *Efficiency improvements*

This efficiency improvement is driven by two factors so far and our improvements in terms of carbon efficiency, we have improved around 10%, and we are down 18% on greenhouse gas emissions since 2017. We have made good progress driven by the renewable energy contracts across South America, which will be fully in place by 2023, and to our continued drive towards better operating efficiencies. So two key contributors for us in those two areas and obviously we will continue to try and extend our renewable footprint and improve our operating efficiencies, again with a bit more work to be done.

### *Allocating capital to support a sustainable future*

On the other way which we are supporting the world's movement towards a more sustainable future, this is focused on the strategic allocation of our capital towards future-enabling metals and minerals. The simple message - the world needs the metals and minerals we produce if we are going to decarbonise energy and transport at the required pace. In particular, with us our share of copper growing as Quellaveco approaches start up and also notably even our met coal is of high quality, which is very important in terms of cleaning up and reducing emissions from steel making. We are playing to trends beyond decarbonisation, with crop nutrients playing one of the other key macro roles in our portfolio. A growing consumer-led population in a world with reducing amounts of available agricultural land, crop nutrients becomes a key way for us to play in that space as well. So we are growing our impact on the right areas

while shrinking our environmental footprint and so from that point of view, we are making good progress.

#### *Complete carbon-neutral cycle in Brazilian ferronickel*

I have just come back from our nickel operations in Brazil, and there is a great video that we have put on the website that talks about ferronickel and how we are using woodchips, so we are growing the timber, we are using the woodchips in the furnace and then it is a complete circle. So the carbon sink from the forest that we are using and offsetting the use of the woodchips and the energy in the furnace. Those types of internally created net neutral carbon sinks has been a really smart piece of innovation from the team, and it is an example of how we see ourselves making that carbon neutral objective in 2040 and getting our own operations up there by 2030. So some really good work being done on the ground and it is not simply about buying in renewable energy, it looks at all the opportunities we have within the business to make a difference.

### **Scope 1 and 2 emissions**

#### *Pathway to our 2030 target*

To go a little deeper and to help people understand where we are in terms of the 30% Scope 1 and 2 reduction target by 2030 and our goal to deliver the carbon neutrality target by 2040, those numbers relate to Scope 1 and Scope 2 emissions. We are investigating the developmental technology to reduce our transmissions and this is today's view of our pathway based on our current operations. We will update with portfolio changes as those new technologies come along. We cannot achieve our goals on our own as we are reliant on our partnerships and the decarbonisation of the wider ecosystem, but again we have been in the right negotiations with both energy providers and with our suppliers of equipment and we are working on a number of fronts. We are committed to working on the developmental technology and we are not waiting for it to come to us. We are responsible custodians of our mines; and whilst we do not have all of the answers, we are investing in the team to develop the solutions for the interim and beyond the life of our mines.

#### *Partnership with EDF Renewables in South Africa*

We like to tell the story step by step and we have added a key component of the process through our partnership with EDF Renewables to secure 100% renewable energy for our operations in South Africa as a further major step towards addressing our on-site energy requirement. Remember that we have all of our South American operations on renewable energy, we'll have that by 2023. And so, for us the next step reducing major source of operational emissions is the implementation of the renewables strategy in South Africa, and I will touch on that a little bit later. This approach is consistent with the plan set out in the last year's Climate Report and is the basis for our climate resolution at our coming AGM.

### **Greenhouse gas reduction target**

#### *Peak in 2019*

People have asked us recently about the level of our ambition of our 30% 2030 greenhouse gas reduction target, which was from a 2016 baseline. It is important to remember the context when we set that target, that was sector leading at the time; and we are talking about a time when intensity targets were commonly used. We knew our emissions were increasing due to our planned shift towards a future-enabling portfolio and through production

growth in the right areas, which results in what we think is a peak in our emissions profile in 2019. The reduction from peak emissions assumed from the target is actually 45%, so we have made significant progress in our efficiency work. Covid aside, we expect to see the impacts of our initiatives starting to take more significant impact as I outlined earlier.

#### *Paris alignment and 1.5-degree pathways*

As we bring Quellaveco on stream, it will be using fully renewable electricity from 2023, as will all of our South American operations. In terms of Paris alignment and whether targets are aligned to the 1.5-degree pathway is complex and there is not a single consensus definition of what this is or is not alignment with Paris. We do not all understand the same thing in terms of what that means. Based on our work to date, we think that our Scope 1 and Scope 2 targets are ahead of expectations extrapolated from the Paris agreement and the Glasgow climate pact from these peak emission levels. I am choosing my words very carefully because those words are consistent with the commitments that we have made in public forum. When we compare the emissions reduction we are targeted to deliver between 2020 and 2030, we are broadly aligned with the reduction trajectory of many of the 1.5-degree IPCC pathways during that timeframe. In addition to setting reduction targets in any given year, it is also important to consider broader cumulative emissions over time; and on this basis, our emissions trajectory is also generally aligned with the IPCC pathways.

#### *External verification by Carbon Trust*

Notwithstanding these points, we also recognise the importance of external verification and have therefore recently engaged the Carbon Trust to conduct a review of the Scope 1 and 2 profiles and its alignment with climate pathways. Also our Scope 1 and 2 emissions target of carbon neutrality by 2040 is well within the range of Paris alignment scenarios that are out there.

#### *Importance of definitions*

Those definitions mean a lot to people and this is something we take very seriously. We follow the programmes, we debate the key points and we make sure that we are on track to deliver on our key commitments; and again, from our point of view we think it is very important in terms of the credibility of the company and certainly the integrity of the work we're doing to make sure that you are comfortable that we are tracking those commitments appropriately.

### **Renewable energy in South Africa**

#### *Abundant energy, little infrastructure*

In South Africa, while there is an abundance of renewable energy sources such as wind and solar, there is limited renewable infrastructure to harness it. So we need to think beyond our mines with a combination of on-site and off-site wind probably closer to the coast and solar to the north, where it makes most sense in terms of energy intensity. We have to balance the energy intensity objectives with where we can actually distribute energy from. Mpumalanga is the province that has the most infrastructure for distribution, so there may be some compromises on the intensity but it is about making sure we make it a workable system across the country that aids and abets our focus and at the same time helps South Africa meet its objectives. So it is a win-win and it is a multi-stakeholder investment strategy.

*Partnership with EDF Renewables*

Our partnership with EDF Renewables brings in significant skill and expertise to the ecosystem's design and development and we are looking at a 3-5GW increase to grid capacity. The investment is to be funded by a number of equity partners and debt financing typical for high-quality infrastructure project. Remember all those programmes outside the mine fence would be multi-user access points and so from our point of view the funding of those programmes is generally well understood in the public space. For those programmes that we are working on inside the fence, they are generally part of our expansions, for example Mogalakwena, and it comes within the cost justification of those expansion projects. So our funding is pretty well understood. It is about improving the operations, making us more efficient and so it is a real win-win in terms of the way we are setting up the business for the longer term.

*Working with host governments worldwide*

Our work in South Africa is an example of how we are working with our host governments to support their national climate goals. South Africa's NDC specifically states the need for public-private partnerships and we are obviously trying to play our part. 18 months ago the public policy space was very different and our ability to build the type of renewable capacity we are looking for was almost impossible, but through constructive and deliberate engagement about how we can play our part in the solution for South Africa and not just solve our own carbon emissions, along with other changes in stakeholder expectations that has meant that we are now all in a very different place and having the types of public-private partnership discussions we know we need to have to move the programmes forward. The recent announcement of 100-megawatt capacity available to be built in private hands was a direct consequence of the work that we have done with the government in South Africa on this exact point.

*Building momentum*

We are being successful; and to give credit to South Africa, they are listening and they are a very willing partner in the whole programme and they can see the benefits as well. What is particularly exciting about this work is that it not only supports South Africa's decarbonisation journey but it makes a big difference to the country. And given the funding that they have secured from the Glasgow accord, there is certainly a real momentum starting to build in South Africa in terms of implementing those programmes.

*Importance of collaboration*

This is the sort of thing that cannot be done alone. It needs effective collaboration and partnership across business and government, and we are certainly in the middle of those conversations and doing everything we can to both be a catalyst for designing much broader solutions and at the same time being very practical in terms of delivering outcomes that work for all of our stakeholders – our shareholders, employees, and all of our other third-party stakeholders.

**Iron ore business***Ecosystem approach*

About half of our Scope 3 emissions relate to our iron ore business and in total about 77% of our Scope 3 emissions are from the steel-making value chain. The decarbonisation of the



industry is therefore key to reducing our emissions. Our ambition to reduce Scope 3 by 50% by 2040 is driven by partnership and collaboration. We will continue to work with the steel industry towards achieving a 1.5-degree pathway, which would reduce our Scope 3 emissions by around 80% by 2040 against a 2020 baseline. And you know where we got the 50% from and certainly, we would love to see and want to try to do our bit to get towards that 80% number.

#### *Importance of high-quality ore*

The ecosystem approach we use to deliver renewables to the mines instead of mine-by-mine approach will provide to connect value chains, and that is in the Scope 3 place, and therefore directly impact their emission profiles. The high-quality iron ore in our portfolio suits cleaner modern steel making. Our high-quality iron ore feeds actually help enable a 20-25% lower carbon emission in the steel-making process compared to a 58% iron ore blend, for example, from other areas. And we are working to further improve our product qualities as we lever what we can control directly. Certainly a very strong case for our niche position in iron ore and one that supports our high margin delivery from the business as well.

#### *Working with customers*

We also continue to work with our customers to advance technologies in these areas and others. For example, Salzgitter has embarked on a big transformation programme to move away from steel making based on blast furnaces towards steel making based on DRI. As part of this, we are working with them to study if our lump ore can be used in their process and if so, how much.

#### *Fleet renewal*

We have ordered 10 LNG vessels for our chartered fleet, offering significant environmental benefits including a 35% cut in CO<sub>2</sub> emissions compared to standard marine fuel, while also addressing the old problem of methane slip through new technology. We also recently announced the successful sea trial of Cape-sized carrier power by a biofuel blend from Total Energies, which resulted in a 10% emissions reduction. An improvement on our previous trial in June 2021 that had a 5% reduction. This is part of a pathway to achieving carbon neutrality in our controlled ocean freight by 2040 and again with Total Energies and others, partnering with good partners that are committed to the energy transition with us.

#### *Controllables and collaboration*

So we are working on the controllables as we always do, and importantly also working on the collaboration and partnering that will be necessary to address the wider question, hence the quality of our inputs into the steel industry.

## **Water**

#### *Critical for business and communities*

Now, to touch on another topic that is absolutely critical to us, water. Both from a simple business continuity perspective and also for our local communities, who obviously depend on the provision of potable water. I will talk to our water reduction and water efficiency goals and also explain how we think about water a little differently to carbon emissions. It is about stewardship and how we can actually improve things for our communities beyond just reductions in our own usage.

*Water footprint reduction*

In 2018 and as part of our Sustainable Mining Plan, we set some very ambitious targets for reducing our water footprint. First was a commitment to reduce our abstraction of fresh water in water-scarce catchments by 50% by 2030. In addition, we set an intermediate target of reducing fresh water abstraction by 20% by the year 2020. By fresh water we mean naturally occurring water that in technical terms meets the criteria Water Accounting Framework, WAF, Category 1, excluding precipitation and run-off that cannot reasonably be prevented from entering into our operational processes.

*Focus on water-scarce locations*

I want to stress that this target is focused on our operations located in water-scarce catchments, which is 83% of our operations, where the impact of freshwater savings will be the greatest both on our own water security but also in terms of benefits to our neighbouring communities and the environment.

*Swapping waste water for fresh water*

We have now put in place a pathway for the achievement of our ambitious 50% reduction target. This pathway includes concrete initiatives developed since we launched the Sustainable Mining Plan four years ago. For example, at Los Bronces we are investigating a solution which involves the replacement of the bulk of our current fresh water sources with treated municipal waste water in a unique swap agreement that delivers fresh water to the local Valparaiso community while we would have an off-take agreement for water not suitable for human consumption. It is a win-win but as in other cases, collaboration with partners is key to achieving this. In fact, I was there at Los Bronces last week and I have no doubt the team is working hard on this and other initiatives in terms of water. And they really are doing some fantastic industry-leading work in terms of ensuring that we have improved the security of our business and doing work that connects with the communities and making sure the two are in sync.

*Work in joint ventures*

And whilst our Sustainable Mining Plan targets relate only to our managed operations, for JVs we have similar work ongoing, and we are working with our partners to make sure that we're similarly committed to making improvements. At Collahuasi we are investing \$1.1 billion in a desalination plant, securing water for our current production levels, as well as partly facilitating future expansion. So again, that is an important part of the process. We are keeping an eye on both the environmental aspects of the business and in terms of the economy's future potential as we grow the business.

*Water efficiency*

On water management and efficiency, the second target we set as part of the Sustainable Mining Plan was also related to reducing our water footprint. Water efficiency is a measure of the percentage of water in our operations that we either reuse or treat and recycle, thereby helping us reduce the amount we need to draw from external sources. So improved water efficiency supports our freshwater reduction targets but with the additional benefit of reducing water discharge off-site. The aim is to prioritise the use of lower quality water in our operations, freeing up the good stuff for other uses. Again, that is a key programme that we have developed at Los Bronces.

*Targets exceeded*

The target we set as part of the Sustainable Mining Plan was to reach 75% water efficiency in 2020. In that year we recorded an efficiency of 81% and last year we reached 83%, and we plan to build on those improvements via studies to identify initiatives or for identified initiatives and technologies that will continue our improvement journey. Many of these initiatives involve water treatment technologies that allow us to treat internal flow streams to the right quality needed elsewhere in the operating cycle.

*Capcoal*

For example, at our Capcoal met coal operation in Australia, we have installed a reverse osmosis plant to treat waste streams from the open cut to produce high-quality water for use in the new Aquila underground mine. The RO plant, as we call it, is in operation and the capacity is being increased to provide additional high-quality recycled water for use in our washing of coal as well.

*Making resources available to communities*

It is not enough for us to reduce our water footprint. As water stewards, we are working towards ensuring the water assets we manage and the savings we achieve by reducing our water footprint translate into making additional water resources available in ways that are socially equitable, environmentally sustainable, and economically beneficial. In 2021 we completed a global assessment of water stewardship practices at all of our operations. We continue to engage in water-related initiatives to improve the lives of local communities around our operations, including supplying water, building dams, supporting infrastructure and we do more. In South Africa and South America in particular, we support a variety of water steward initiatives. These initiatives range from water supply projects with our partners and providing drinking water to our communities, to infrastructure projects with local government. So we are working with all of our stakeholders in these important work programme areas.

*Update to Sustainable Mining Plan*

As part of this year's update of our Sustainable Mining Plan, we will consider opportunities to increase the volumes of water put to beneficial use in the communities and environment in which we operate.

*Quellaveco*

For Quellaveco, our water supply project was one of the key initiatives that came out of our dialogue table commitments we agreed with the community back in 2012, which was around defining how Quellaveco could best contribute to the long-term sustainable development of the area, and that means outside of the operations, which included stabilising ecological flows in the Tambo water basin. Again, I have just come back Quellaveco and looked at the positive impact the water projects have had on the local community, and they are significant.

*River supply*

The water supply in this basin comes from two main sources: the Titire River and the Vizcachas River. The Titire River is naturally contaminated due to its volcanic origins, making it unsuitable for agriculture or use for cattle raising, while the Vizcachas River is much higher quality water but has large seasonal variations in volume. So as part of the dialogue table

commitments, we agreed to make the Titire our principal water supply, about 80% – that is 80% of the supply for the mine not of the actual river flows – because its water came from Titire, which was the lower quality product. We will reduce the degree to which it contaminates the higher quality from other areas downstream, therefore or thereby benefiting farmers and other users. So previously most farmers were only able to operate six months of the year. This effectively gives them usable water 12 months of the year, so a really positive impact both in terms of the farmers and the local economy.

#### *Mitigating seasonal variability*

In addition, we agreed to build a dam with multi-year reservoir capacity of 60 million cubic metres on the Vizcachas River, which is the middle of the map, to help regulate flows and mitigate the seasonal variation or variability in volumes and quality, providing year-round clean water for those users, and I've talked about that impact. This is essentially a swap for communities of bad quality water from the Titire River for good quality and reliable supply from the Vizcachas River during the dry season, and this approach is considered a prime example of best water stewardship practice in the field of water for mining.

## **Safe, Inclusive, Diverse Culture**

Anik Michaud

*Group Director, Corporate Relations and Sustainable Impact*

### **Workforce and local communities**

I want to come back to another key area of focus for us and it talks to our workforce and our local communities. And remember, these are in very many cases the same people.

#### *Four pillars*

We showed this approach to you in April last year; how we have been working for some time towards a safe, more inclusive and diverse culture. We continue to take a holistic approach under these four pillars:

- inclusive leadership, as this has to come from the top;
- leadership that empowers employees while being accountable, courageous and humble. This becomes infused in a culture where colleagues are valued and respected and where everyone feels they can bring their best selves to work, wherever they are, across all dimensions of inclusion;
- we also need a safe environment and we look beyond just the workplace here. Domestic and gender-based violence is not restricted by culture, geography or economic status. It is sad to say but it is endemic across society. Examples of interventions include risk assessment and safety plan, provision of safe accommodation for employees and immediate family who need to leave their home in an emergency, paid leave of up to ten days in each 12-month period, flexible working time, financial assistance, HR support for line managers providing support to colleagues affected by domestic abuse. So just to give you an idea of some of the interventions;
- and our fourth pillar is to provide a fair and supportive workplace.

### *Mental health and wellbeing*

Relevant to what has become a much higher profile issue in recent times, especially during Covid, is mental health and wellbeing. Having the culture, mindset and systems in place is so important to help us stay ahead so that we can be the company that our employees and our communities want and deserve.

As you can see, we are ranked highly within the industry by some of the ratings and rankings out there. But this is not about achieving those goals but it is about actually embedding sustainable improvement; and of course, this is in tune with our Purpose to re-imagine mining to improve people's lives. I won't go through these in detail again but we continue to make progress across the board. For example, in this year's Responsible Mining Index, where we scored highest overall across the industry, we were ranked best in terms of community wellbeing, gender and harm prevention, as well as second in working conditions. And with our commitment to a living wage, we stand in good stead for the workplace ratings for next year.

### **Bullying and victimisation**

#### *Zero tolerance*

We have zero tolerance for any form of bullying, harassment, or victimisation. There is no room for complacency when it comes to culture. Building and maintaining a workplace culture is constant work, which is why we listen very carefully to our people and to other stakeholders that are close to our business. Building a safe and inclusive culture is a journey that we have been on for a number of years.

#### *Listening to feedback*

We have conducted several baseline studies with a number of our NGO partners as well as doing our own employee surveys across the group since 2018. These surface how our employees experience our company and as you can no doubt imagine, not all of the feedback has been positive. We have been listening and we have been taking action. We have made some good progress but there is so much work to do to tackle this incredibly complex issue. This slide shows just a few examples of the steps in our journey.

#### *Stand Up for Everyone campaign*

In January 2020 we launched our Stand Up For Everyone campaign, which trained our employees on how to recognise and take action against bullying, harassment and victimisation. With 96% of our Anglo American contracted colleagues taking part in the training, we have made it clear what behaviours we will not accept. Just last month we launched our new Living With Dignity hub in South Africa. The hub personnel will give expert victim-centric support to anyone in the business who needs advice on bullying, harassment, victimisation and gender-based violence or wants to report an incident. They will make sure complaints are handled independently, efficiently, professionally and with compassion. The hub is overseen by an independent ambassador to ensure we stand by our policies and our values.

#### *New organisational culture audit*

In 2022 we are also starting to conduct a culture audit across parts of our organisation and these initiatives are the bedrock that helps everyone within the organisation feel included and

that they belong. And if we do not get this right, then we will never achieve psychological safety.

### **Gender-based violence**

#### *A societal issue*

Antonio Guterres, Secretary General of the UN, recently described gender-based violence as 'A political global pandemic that is a mark of shame on all of our societies.' And it is that. It is a societal issue where everyone needs to play their part. We cannot and we must not stand by while there are incidents of this kind in our business. This is no different to safety. We do not accept that anyone should be harmed, physically or psychologically, in the course of their work. We also will not stand by when we can play a part in supporting the safety of women, and it is predominantly women, outside of our mine gates.

#### *Living With Dignity framework*

In 2019 we launched our Living With Dignity framework in support of the UN's Women's Orange Ribbon campaign and it is designed to do exactly that; ensure safe workplaces and use our leverage to support safe homes, safe schools and safe communities. This approach is aligned with the ecological model on the right of the slide, which recognises the complexity and the interrelatedness of gender-based violence risk factors at an individual, family, community, organisation and social level. We cannot sustain meaningful change if we tackle any one of these areas alone. The whole ecosystem needs to be considered.

#### *Integrating gender-based violence assessments into community health*

As I touched on on the previous slide, our work on safe workplaces and safe homes has largely been implemented through our Stand Up for Everyone and domestic violence programmes. Looking outside the mine gates, our focus has been taken up in 2020 by responding to the shadow pandemic of gender-based violence linked to Covid-19. In brief, our work involved extensive campaigns to communicate how victims can access support and working with community primary healthcare workers to identify and refer cases of gender-based violence and domestic violence. It is actually integrating gender-based violence into their health assessments. We have worked with the University of Pretoria to map pathway to care in many of our host communities. This means that we have identified how people can access care in the event of gender-based violence and have started assessing the quality of the care provided.

#### *Addressing root causes*

To help address the root cause of gender-based violence we have contracted a consortium of organisations to develop a violence-prevention capacity-building programme, that also challenges harmful gender norms. The consortium organisations like the Institute of Security Studies, Reos Partners and The Prevention Collaborative in South Africa are some of the best in the fields of violence prevention and systems change. The programme, which is under development, seeks to develop sustainable mindset shifts among participants, while empowering them to integrate violence prevention and think about the harmful gender norms in their own work, and respond to cases that they encounter in the course of their work for Anglo American and other companies.

*Integration into Thriving Community stretch goals*

We are currently integrating gender-based violence prevention and response measures into our Sustainable Mining Plan's Thriving Community stretch goals, given how interlinked so many of the issues are. At the moment, the team is working on integrating gender-based violence initiatives into the operational community health plans that are being developed around the world, starting with Unki mine in Zimbabwe. While I would like to talk to you about impact, it is just too early in our journey. But watch this space; there is so much more to come.

**Concluding Remarks**

Mark Cutifiani

*Chief Executive*

**Reflecting on culture***Gender-based violence*

Before I go to my final remarks, I think it is important to just reflect for a second on that last couple of slides from Anik. Firstly, gender-based violence is one that from an industry perspective has been a massive issue, particularly when you look at our connected communities and in many cases isolated working. So it really is a critical and significant programme that we have to work on. It is very clear when we see it. Understanding how to address it in the community context is a very big part of the work programme. It is not simply a workplace issue, it is actually something that goes far beyond that. So that is a really important piece of work.

*Behaviour in a diverse workforce*

The second point I would make is, and it is a far more subtle bit, on bullying and behaviours in the workplace, and we are a global organisation with many different cultures, countries, nationalities, cultures and languages, and even the difference in the language we use – and I mean the languages and some of the terminologies we use – can be interpreted as bullying in different cultures. So that subtlety is really something you have to think about very differently across the organisation. And it's not an easy one, because quite often someone that is exhibiting bullying behaviour actually does not mean to but it is the way they articulate and maybe verbalise certain issues. So making sure that we have got a very open and transparent conversation and try and deal with this in a very constructive way is a really important part of the work, and it is not a straightforward black and white type issue.

*Journey in a global context*

So it is a really big piece of work that we are going through and we are working in all of its dimensions. And it is one of those things that is a far more subtle issue that needs a lot of work, and we have still got a long way to go in that journey. But I think the most important point I want to make is we are on it, but it is a very subtle one that requires us to think very differently in terms of the global context and the different cultures we work within and how some of those cultural connections need to be reworked and we need to understand each other a little better across the whole range of fronts. So that is something that we are working on and trying to get inside of as part of our process.

## **Sustainability versus ESG**

### *A broader term*

We have been hearing people talk about ESG for the past few years but we have always preferred to use the term sustainability, because it talks about every part of the business, and it goes beyond ESG. Resources, talent, all of those issues must be dealt with to make sure your business is sustainable. It is a far broader term and it all has to be integrated to be a sustainable business, driven by purpose, considering people, planet and profit. You need to look at all aspects of sustainability together, not as separate areas of activity, because they are all so many integrated connections and none of them stand by themselves.

### *Portfolio for the future*

Portfolio-wise, we have evolved towards products that play into future demand trends, driven in many cases by sustainability-related factors. And if you remember when we started walking down the portfolio restructuring, we kept a careful eye on those areas that we wanted to be in. We do focus on the quality of the assets but the natural breadth and spread of our portfolio, I think, is second to none in terms of positioning to play an important role in society for the longer term. Our copper plays into demand driven by decarbonisation and urbanisation, and our new acquisition, our crop nutrients business, will be driven by demand to feed a growing population sustainably and it has a big impact on decarbonisation as well.

### *A sustainable business needs balance*

At the same time, the way we run the business, considering the economic, environmental and social impacts of our decisions through full-impact decision-making, which Stephen has talked about before, and recognising the interconnectivity of issues, and, as Stephen said, we like to try and get the business balanced, because it has to be if it is going to be sustainable. And for example, land use implications of renewables infrastructure as well as potential socioeconomic opportunities that a switch to renewables might drive. It is profit with purpose and not one before the other. From our point of view, these subtleties are the thing that we debate as a team to try and make sure we are on the leading edge of these conversations and implementing what we believe are sustainable solutions for the business.

### *Sustainable value embedded into governance*

These ways of thinking are embedded into our governance and performance management processes to drive sustainable value for all of our stakeholders. At the same time, we recognise that we exist in an evolving environment. You have seen us introduce commitments to carbon neutrality, Scope 3 emissions and payment of a living wage to all employees since we first announced our Sustainable Mining Plan in 2018. And we will continue to evolve and build on our commitments to remain a leader in this area. And no, we are not where we want to be, but we are heading in the right direction and we are the first to admit that we have still got a long way to go but we are making good progress and we are building foundations in terms of taking the business forward in an appropriate way.

### *Sustainable returns for all define long-term success*

And finally, we believe the delivery of sustainable returns to all our stakeholders is an imperative that will define the long-term success of our business. We are well positioned to deliver as we are, differentiated with a combination of technical, marketing and sustainable capabilities that have been developed as a competitive advantage in our rapidly changing



external environment. Coupling these capabilities with our world-class assets, strong balance sheet and our ongoing improvement journey puts us in a very strong position as we focus on positioning ourselves for a low-carbon future.

### **Sustainable Returns**

Now, given that today will be my last presentation in terms of the sustainability story, I am disappointed I am not delivering a business that I would have liked to deliver to Duncan. Covid has taken some time back off us and we do not have our plans fully in place in terms of those areas that we need to work and operationally we could be doing better, but we certainly have a range of foundations that set us up for the future. And I know with Duncan and his commitments and with the team that he has behind him, they will deliver on our potential and he will do much better than me in taking the business forward from where we are today. And that is what makes me excited about the Anglo American of today. It is about the leadership, the future we have and the team we have in place to take us forward.

#### *Clear metrics*

We have been clear in how we measure our delivery. We target a better than 10% free cash flow on capital employed through the price cycle as the prime measure of our effectiveness as a business. If you are not delivering free cash flow, and it has to be at least 10% to make sure you are funding dividends and you are investing in improvements and profitable growth in the business, and that will deliver your longer-term sustainable returns to our shareholders, employees and all of our stakeholders. This year we can see that at 31%, we have obviously been the beneficiaries of good price cycles. We have to deliver that 10% through the cycle; and certainly from our point of view, we are in a position to do that.

#### *Sustainable cash flows*

To measure our efficiency in delivering sustainable cash flows, we aim to do better than a 15% return on capital employed, again through the price cycle. And again at 43% for 2021, we are performing exceptionally well, and certainly that does well in terms of our performance through the cycle.

#### *Seven key pillars*

And sustainability on those two metrics is measured across our seven key pillars, which are safety and health; environment; social-political; people – and that includes the talent pipeline and you've seen that in action with our succession plan and Duncan taking over the business; production base – resources, making sure that we can deliver better than 20 years in our reserve base, and that's exceptional in our industry, where we are mining depleted resources; cost – significant improvement in our competitive cost position over the last few years, apart from the last couple of years, and Covid has had its impact but the team is getting ourselves balanced and during the course of this year I think we will correct and get ourselves headed in the right direction; then ultimately keeping a conservative balance sheet so we are able to act on opportunities, invest in the right things, and as Stephen says, make sure we have got the balance across the portfolio. And when you look at the work that we have done technically in all of those areas and business improvement, I think it is an exciting place to be and with the technical team and the work that Tony and the guys have done, I think we are in a very different place to most in terms of our competitive position. All seven pillars are what we think about when we come to work each day and what Duncan, Anik, Stephen, Tony and the

rest of the team will take forward in delivering the best they can for all of our stakeholders including shareholders, employees, local communities and everyone else that takes an interest in seeing what we can do to serve society.

## Q&A

**Sylvain Brunet (BNP Paribas):** My first question is focused on safety. We know there is no quick win, even how much effort you deploy in the field. In your experience, Mark, what would you say the next team need to focus on to get there, to get to this zero level? Do you sense that more automation, use of technology where it can be done to reduce the exposure of personnel, should be the main leader? Do you think it is doable everywhere? Are there some issues, including some cultural issues perhaps, at Moranbah that you sense need to be fixed? Any KPIs at middle-management level that have to be made even stricter? What is it maybe even on the recruitment that Anglo American will need to be a lot more demanding about? What would you say are the most actionable levers?

**Mark Cutifani:** You actually touched on some key points so let me make the first observation. In my view with Covid over the last couple of years and with the massive focus on looking after people, trying to protect people, I think our planning of work and with the high levels of absenteeism, we have not got the right level of planned work, and that is something we analyse very carefully. Our planned work has dropped away, so that is where there is a lot of work at the moment getting our disciplines back and getting that planned level of work. And we are probably down about 30% in terms of planned work, so that is a key focus area.

In the mining industry we are not good at planning work compared to industrial organisations. That industrialisation of Anglo that I talk about has dropped back a bit in my view and that is why we have seen a levelling of the performance. We have improved fatal incidents by 90% but we haven't got to zero and I think we have levelled off. So that is a key area of focus, Sylvain. In fact, we had a call this morning with all of our managers across the globe on that point. So really important, make sure we step forward now and get ourselves back to that planned work.

Secondly, on technology. I have just come back from Quellaveco. Automation, the digital mine, all of that work is absolutely critical in removing people from areas of exposure and that was a great lesson from Grosvenor as well. With the starting of the new long wall, we are actually running the long wall from the surface at Grosvenor. That is a key step. Moranbah with the new long wall that it is moving towards will also go over to that same place. And again, that focus on the planning work that goes with that because you cannot totally remove people from all areas of work.

So planning, technology, two critical pieces. Tony's work on technology with the operating leaders is I think is critical in the next 12-18 months and that focus on the planning is I think going to be the most important part in resetting the bar.

Finally, you also talked about recruitment. Recruitment has become a very important issue for us and it is about making sure that we are hiring people that do not have a tendency towards taking risk beyond what we would see as a normal distribution in society. So those

assessment processes and making sure we understand risk-taking behaviours is becoming a very important part of our recruitment of employees across the group.

We are using all of those tools to try and take that step to achieve that zero harm. Interestingly, I do not know if you understand the statistics, but, over the nine years, we have gone from being one of the worst performers at the ICMM to one of the best performers from the safety perspective and we have actually, on the numbers, reached safe industry status. But that is still not good enough. We have got to get to zero and that is what the company is committed to and I know that will be Duncan's first priority in terms of the work going forward. And certainly, there is a lot of work post Covid trying to make sure we've got all of those disciplines in place.

**Richard Hatch (Berenberg):** A question on the water reduction target on slide 19 - you talked quite extensively about what you are doing at Los Bronces, but I wonder if you might just be able to expand a bit on the other activities at Amandelbult, Sishen and Capcoal, please.

**Mark Cutifani:** Just as an aside on Los Bronces, we have to make sure that we explain our targets well because, because we are in a significant drought situation at Los Bronces, the average rainfall at Los Bronces ten years ago was about 350mm a year and the last two years we've had 70mm and 80mm and so we have been doing water harvesting. So our actual consumption of fresh water increases when the rainfall returns. The key thing to measure is our efficiency work and that, getting to 83% efficiency work off 75% target, has been exceptional work. And the learnings from Los Bronces have been very much applied to Sishen and other parts of the business.

**Patrick Mullen:** Without getting into a lot of detail, at Sishen for example, we pump out a lot of groundwater. There we are looking at increasing the amounts of that groundwater that we are able to divert to the local regional bulk water facility, which is a large pipeline that serves the area, and also doing some managed aquifer recharge to be able to put more water at the disposal of local communities.

At Amandelbult, as part of the growth plan there, we are looking at increasing the amount of water that we are able to recycle within the mine, increased storage facilities to reduce the amount of water that we would have to lose from the site, and keep it on the site and therefore privilege and reduce the water that's brought in from potable water sources.

And at Met Coal, again it is a recycle opportunity, which goes both to benefit our efficiency and our fresh water and essentially reduce the amount that's brought into the system by recycling more within the system.

**Richard Hatch:** When do we hear about an updated new target from the water-efficiency standpoint? Does that come with the second update later on this year?

**Patrick Mullen:** Our intent is to set a new target for 2030 during the course of this year as part of our Sustainable Mining Plan update. We are currently doing what we did with the fresh water target, that is, to put in place a pathway that is built up of concrete initiatives and we intend to announce that target at the end of this year or early next year as part of the update.

**Mark Cutifani:** Our water balances when we started this work were pretty weak and so a real focal point has been on capturing and making sure we have got all our water balances. And then we take that information and we look and connect to the communities and understand the difference we could make inside those communities. So that whole programme, it has been a big piece of work over the last five years and I think we are only really starting to understand the additional steps we can take, and I think those examples that Patrick gave give you a sense of how we are connecting that work on the internal water balances with the external sources and then understanding how we can impact and support our communities.

The reason I talked about Los Bronces and my observations there was I have literally just come back from the site, but we have taken a lot of those learnings into those operations as well. So some are more mature than others but the work is happening and Patrick and the guys are really doing a good job supporting the teams.

**Danielle Chigumira (Credit Suisse):** Looking at your slide 14, you have a significant reduction in fugitive methane emissions even over the same period that we expect higher met coal volumes. Could you talk to the specific initiatives you're doing to kind of square the circle there?

**Mark Cutifani:** In terms of emissions from methane, obviously the methane drainage work, and that is a pre-emptive step to try and make sure that we are managing our emissions down, and that work is further supported with the pre-emptive methane drainage work that we saw post the Grosvenor incident a few years back. So a lot of work has been done connected to Grosvenor to make sure our safety environment is – or safety in the operations is improved and that impacts Moranbah as well.

**Pierre Herben:** There is a series of things that are happening in parallel. It is about drainage, it is about capture of methane when it is concentrated to a level it can be used as a fuel. It is about flaring of some of the options. So it is a series of things that are happening. And in parallel, we have engaged on the development on the ventilated air methane, which is actually the methane that we are blowing away from the operating shaft of the mine, to avoid explosions. So we are diluting the methane and actually it ends up in the atmosphere, and there we have looked for years about several options and now we are on a process of developing what we call a reduction technology, so it is a catalytic reduction technology, which enables, I would say, to neutralise and transform the methane, as you say the VAM, the ventilated methane, into CO<sub>2</sub> for further treatment.

It is really in the innovation stage at this moment. And one of the key elements of course there is safety, so we are putting a lot of emphasis on safety in our development. We are collaborating with an organisation called LETA, Low Emission Technology Australia, in an open way, so what we are doing there as well, the learning can be shared further as we progress.

And the other thing we do as well, we are looking at converting all the energy we use there away from the methane option, so it includes as well the energy we use to operate the mine, to renewable. And we will come back on that, it is work in progress.

**Mark Cutifani:** It is a good question because I think of all the technologies we are working on in Scope 1 and Scope 2 emissions, it is probably the most complex of the technologies to get right and the one that we are working hard to make sure we try to get there by 2030. It is a complex piece of work, there are multiple technologies and multiple answers, and I think

it is one of our most important areas. And it is something that we will keep you updated on. We are also in discussions with UNEP as part of the process to make sure that we are connecting and talking to the right issues and addressing the questions that are being asked of us.

**Danielle Chigumira:** On a completely different track, you spoke to the increase in your female management over the past year or so, but female representation in the overall workforce is static. What are you doing to address this?

**Mark Cutifani:** A very important point. Again, I've just come back from Quellaveco – where I think it's about 25% total female employment – and so the real focus is on training, actually employing, for operators across the business, and we are now employing women that do not have industrial experience. We are employing them into roles that do not require the same level of expertise or training. For example, we are employing women that do not drive cars and they are now running our trucks or working around the autonomous vehicles as drivers with the new vehicles. So we are employing them into roles that they can do from the outset and then when they are in role or when they are in that first role, we are now developing training programmes to get them up the curve so that we can move more of them into other activities.

We are doing a lot of the internal training so that we are creating more space to hire more women. We are changing our employment criteria to bring women in the workplace and then we are deliberately training them up into higher skill levels so that we are able to pull more women through the system. That is one example of how we are trying to broaden the net and bring people in that do not necessarily have the skills and creating new skills once we have got them into the workplace.

**Liz Douglas:** We are working with the mining communities and regions with local universities and schools so that we can meet the skill requirements of the future that we have got with the education and we can talk more about the opportunities in the industry more broadly. And also then working with the local schools and local education especially in Chile, Brazil, South Africa and more locally within Yorkshire as well to provide those mentoring opportunities and also the apprenticeship opportunities as well to make sure that we bring women and more minorities and under-represented groups into the industry.

**Mark Cutifani:** It is from the shop floor all the way through we are looking at bringing people in through some of the training institutions direct to the workforce, and that has been working well and we are improving. But what it does not necessarily address is at the front-line level the basic skills that we require of operators and our tendency to go for people who have worked in the industry in the roles. We figure that is not going to get us there so we are now hiring a lot more people that do not have the basic skills, we are putting them into roles that they can do with the skills they do have and then we are very aggressively training them up into the next level and we have set that model up at Quellaveco. And I actually sat in the truck with two ladies that have been through that programme and in fact they were both – had been both exposed to gender-based violence, so they were telling me their personal stories of their life and how they got a job at Quellaveco on traffic management and are now actually in the trucks. So it is still early, it is still new, but it is another step in trying to get a much broader base of women into the workplace.

**Ian Rossouw (Barclays):** Firstly, on your Scope 3 emission targets, a more conceptual question around how you balance value versus these targets. Obviously at Kumba they have been very successful at extending the mine life. I think the mine life is now close to 2040, which I guess is your Scope 3 reduction target. Do you feel there is a hard cut-off with these mine lives and how do you or how would these targets be under threat if there are further extensions in mine life at Kumba and maybe potentially also Met Coal?

Secondly, at Los Bronces around the swap agreement you have mentioned. To what extent does that mitigate against future requirements or delay the requirements for desalination capacity at the mine? I saw there were some comments around the approval of the underground expansion potentially coming through or the EIS, and maybe just some timings around that because I do not think it is something you have really talked about much in your presentations over the last couple of years.

**Mark Cutifani:** First on Scope 3 what we are trying to do with iron ore in particular is position ourselves as a favoured supplier to green energy, or green steel, producers through the quality of the products we produce. So at Minas Rio we are a 67% producer. The guys are looking at how they can reduce silica, titanium - the guys are supporting them in looking at our coarse particle flotation can actually be used to reduce deleterious elements. And that is a great piece of work and certainly the difference between a 67% Minas Rio product and Pilbara 58% is about 25-30% in terms of Scope 3 emissions.

In the case of Kumba, which is about 64.5%, got a bit more silica, got some other issues, the improvement is only 20%. So Themba and Mpumi are working on that quality, that same quality equation, and again looking at how we make those products more attractive to go into the green steel mix, so that we are part of the solution to 2040.

So from our point of view, it is not a matter of getting out of iron ore by 2040. What we want is to have the best product so that actually it is improving and enhancing value for us in margins. And if you look at the margins at Kumba and Minas Rio today, their improvement compared to our lower grade alternatives has been significant and that has also driven a big improvement in our returns to shareholders. So it is a virtuous circle and we are going to keep on that track. And for us we think that being part of the green steel revolution is actually the key to going well beyond 2040 in both of those mines. Obviously, we need exploration success at Kumba, at Minas Rio we have got well beyond that wealth of mine. So we think they are the right strategies for iron ore.

Now in terms of coal, Themba has already put the challenge to the team in terms of what we can do to improve our performance and how we work with our partners in terms of reducing met coal's impact. What he is now thinking through is whether it is carbon capture or other technologies that we would need to see in place by 2040 that would allow us to continue being a preferred supplier of high-quality hard coking coal. We do not have those solutions. And so, it is not in our base plan and at the moment you see us depleting our met coal resources before 2040.

For us to be successful beyond 2040 with met coal, we are going to have to have a solution. I do not think there is any doubt about that. Because ultimately if you add the carbon cost that you would have to carry, you have got to have a solution. So we do not have that yet. We are not going to give that up, that is what the guys are working towards. Obviously, we

are an important player today in lowering carbon emissions from steel, because we have got high-quality hard coking coal, which in itself provides again about 30 or 40% in terms of lower carbon emissions as part of the overall process, but we have to have a different solution by 2040. If that cannot be found, it is very difficult for us to imagine being in met coal beyond 2040 but we won't give that away and certainly Themba's not going to give that away.

On the second point on desalination at Los Bronces - lots of work going on on alternate water sources. The efficiency work at 83% has been significant. The supply of water from Codelco, because they have a water surplus, has been a real win for us. There are other things the guys are working on in terms of technologies. At the moment there still might be a need for desalination at Los Bronces but they guys are working on a whole range of efficiency issues that will keep them in and around the right area at the moment.

But if we want to keep production up, I think, in any way, shape or form, we would have to be looking at desalination but again we have not locked in on that because that is still subject to the feasibility work.

And on the underground feasibility work, they are making good progress but I am not aware that that has come through as yet.

**Patrick Mullen:** As Mark mentioned before, this is a unique swap opportunity. The swap involves building a desalination plant to supply fresh water, drinking water, to communities in the Valparaiso region, to the local municipal water supply company. In exchange, Anglo American at Los Bronces, the mine, will be receiving treated municipal waste water, so low-quality water, in exchange for high-quality water. So they will be both be honoured. I think that project encompasses both desalinated water and treated waste water which will be coming to the mine. And the intent is essentially to replace the bulk of our fresh water at Los Bronces, which will as Mark mentioned add to our security and also benefit the communities.