



# Sustainability Performance Update

April 2023

## Introduction

Anik Michaud

*Group Director Corporate Relations & Sustainable Impact, Anglo American plc*

### Slide 1: Welcome

Good afternoon ladies and gentlemen. Welcome, good to see so much interest and thank you for joining us this afternoon for our Sustainability Performance update, charting our progress towards achieving our broad set of Sustainability ambitions, which, as we've explained before, are integral to our strategy and decision-making.

### Slide 2: Cautionary statement

### Slide 3: Agenda

The order of play today. After talking about progress on our key sustainability metrics, Duncan will update you on our climate change work during 2022 and our priorities for this year. I will then take you through some of the work we are progressing in the Social Impact space before Duncan wraps things up by illustrating how we apply our integrated approach in delivering outcomes that support a more sustainable future.

Fear not we also have Stephen our Finance Director eagerly waiting in the wings ready to respond to all your difficult questions.

## Healthy Environment

Duncan Wanblad

*Chief Executive, Anglo American plc*

Thanks Anik, and welcome everyone, good to see you and thank you for joining us this afternoon.

### Slide 4: Safe operations are our first priority

Safety always comes first as we strive every day to create a workplace where no one gets hurt. While we have seen continued stabilisation in our performance in early 2023, we tragically suffered a fatality at Kumba in South Africa in February. Unless all of us, at all times, are unconditional about safety, accidents will continue to happen. Our response to this sits across 3 broad aspects:

Firstly, the urgent safety reset and calls to action in the second half of 2022.

Secondly, our work to improve operational stability through the discipline of our Operating Model – which is key to safer outcomes.

And finally, a broader approach to alter the collective mindset, so that people are more aware of potentially unsafe situations and look out for one another – and feel confident to speak up.

We are focusing on increasing leadership time in the field to help build a safe and inclusive culture, as well as applying technology to ensure everyone can come to work and return home safely, every day.

### **Slide 5: Re-imagining mining to improve people's lives**

You will be very familiar by now with our Purpose and strategic context – but I want to re-iterate the fact that our approach to Sustainability is at the heart of our business strategy.

Our Sustainable Mining Plan (SMP) is designed to deliver outcomes aligned with our Purpose of *re-imagining mining to improve people's lives* – and deliver enduring value in its many different forms for our wide range of stakeholders.

The three pillars of our Sustainable Mining Plan include goals aligned to 12 of the 17 UN Sustainable Development Goals – the ones we felt we could most positively contribute to. These goals are embedded into our business planning at a granular level, in the same way as our operational objectives, which is critical in turning ambitions into outcomes, in our view. And, we hold ourselves to account on this, including through remuneration – with a 20% weighting on ESG measures, aligned to SMP goals.

Finally, we continually review our goals to ensure that they remain relevant to our stakeholders through ongoing engagement and scanning of key risks and issues. We are broadly comfortable with the set of goals as they stand but will continue to evolve them as needed over time – and we will, of course, update you on this in October. We have highlighted on the slide where we will focus today.

### **Slide 6: Healthy Environment**

Our 'Healthy Environment' goals are across the areas of emissions, water and biodiversity. In all cases the journey towards our goals takes time, and improvements are not linear, but we will continue to give regular updates on progress, in particular on emissions, even when there isn't big news.

### **Slide 7: Striving for a healthy environment**

Looking at the key components of our environmental performance, this shows that progress is not linear.

For example, on water usage (in water scarce regions) we are currently 26% below our baseline usage (2015) – so half-way to our target 50% reduction. However, you can also see that decreases in the past couple of years have been more gradual.

The latest improvements were due to significant increases in efficiency at the Amandelbult (PGMs) and Venetia (De Beers) mines. The sites achieved this by improving their water re-use and recycling rates, reducing their reliance on fresh water. This focus on efficiency is continuing at all our operations throughout 2023, and we continue to see improvements – slightly ahead of our planned trajectory. But reaching our target will require another big step, in addition to incremental efficiency – and I will touch on our Los Bronces Integrated Water Security Project later.

Looking at greenhouse gas emissions and energy usage – which are of course interlinked. Since 2019, our Scope 1 and 2 emissions have been on a downward trajectory. Our 2022 improvement reflected the transition from Grasree to the less gassy Aquila seam in our Steelmaking Coal business, which reduced our scope 1 methane emissions, as well as a growing proportion of renewable electricity, with contracts across our South American operations kicking in in stages over the last few years. But there is also a linkage to production volumes here and we may see a lessening of improvement rate, or even a slight uptick in line with production levels as we move forward.

On energy consumption, which of course affects our scope 2 emissions as well, in absolute terms we saw a small improvement this year – despite Quellaveco starting up. That is largely a reflection of lower production at our PGM assets. And also, importantly, our proportion of energy drawn from renewable sources continues to increase – currently 52% of our electricity used and 25% of our total energy is from renewable sources. Quellaveco's renewable energy contracts kick-in during 2023, taking us to 100% renewables in South America, and our Australian steelmaking coal operations will transition to renewable electricity contracts from 2025.

### **Slide 8: Latest climate change progress**

Playing our part in helping to address climate change is central to our sustainability objectives and I have said before that it will not be a straight line progression but we will keep updating you on the way. Our progress in the past year or so was centred in three key categories:

Firstly, our renewable energy work principally addresses our scope 2 emissions, which largely arise from our southern Africa electricity supply, as well as our diesel haulage fleet. As planned, we entered into the Envusa energy partnership with EDF Renewables and announced the first 600MW of wind and solar projects as part of a potential 3 to 5GW over the next decade. We have now agreed commercial terms (PPA) for 2 Wind Sites of 140 MW each and one Solar site of 200 MW in Eastern Cape. We aim for financial close in Q3 for these sites and commence construction immediately. Also, we are developing 2 large solar sites in our mines at Sishen and Mogalakwena. Sishen (70 MW PV) is now undergoing site stabilisation and predevelopment construction activities- financial close and full construction launch should happen by Q4. Mogalakwena (130 MW PV) is on the way to financial close and should start construction later this year as well. Of course we have a much larger portfolio of projects in the development pipeline that will follow this first wave of projects. So next year, all being well, we'll show you pictures of sites in construction. Alongside this, we developed and have been testing the world's largest hydrogen powered haul truck and, at the start of 2023, we combined nuGen™ with our partners on the project, First Mode, to accelerate the development and commercialisation of this technology.

The second category, methane from steelmaking coal operations, is the largest component of our scope 1. We already capture around 60% of the methane from our steel making coal mines and use it to generate electricity for local regions – with a total capacity of over 100MW. The remaining 40% which is in lower concentrations is the next focus. Initial concept studies have been undertaken to identify the best approaches to VAM abatement and methane emissions reduction. We are working with technology vendors and engineering partners to progress from 'pre-feasibility' to 'feasibility' stage in VAM abatement with the design and construction of an industrial unit for our Moranbah underground steelmaking coal mine. This is the first such project

and is intended to provide the template for further deployment at all of our underground steelmaking coal mines.

Finally, on scope 3, I will talk a little more about our wider approach later – but we have established an ambition – which is very much dependent on the decarbonisation progress of the steel industry given its emissions represent two-thirds of our scope 3 footprint. For the elements that we have closer control over:

The first two of 10 Ubuntu LNG vessels have entered service on the SA to Asia route, and are expected to deliver a ~35% reduction in CO<sub>2</sub>, compared to conventional marine fueled vessels.

And just a couple of weeks ago, we signed a memorandum of understanding with H2 Green Steel, the Swedish hydrogen and steel producer, to work together on the advancement of low carbon steelmaking processes using our premium quality iron ore products from both Kumba and Minas-Rio.

### **Slide 9: Operations carbon neutral by 2040**

To put that progress into the context of our pathway to operational carbon neutrality:

Our Scope 1 and 2 emissions are down 21% since the peak we saw in 2019, reflecting the important progress we have made; although still a significant amount of work to deliver our 2030 target of a 30% reduction (vs 2016) and carbon neutrality by 2040.

We'll keep filling in the detail on this chart as the plan evolves –we now have the Stanwell agreement to supply renewable electricity to our Australian operations by 2025, and the first solar and wind PV plants coming online in South Africa in 2024/2025.

As I mentioned, we may see a small uptick in emissions with production volumes before more benefits from renewable energy in particular have an impact over the coming year.

### **Slide 10: Partnerships key to 50% scope 3 reduction ambition**

We've talked before of having an ambition, and turning it into a pathway and then a plan for Scope 3. Our scope 3 emissions in 2021, which is the most recent measurement (as data takes longer to compile) were 99Mt. This was 14% lower than 2020 – driven by a greater proportion of sales to lower emissions customers, as well as lower steelmaking coal volumes. Whilst we will continue to work on placing our product with those lower-emitting customers who tend to more highly value our premium product mix, we are in the hands of our customers, and so again, it won't be a straight line progression particularly as our steelmaking coal volumes recover.

Our latest climate report details the evolution of our Scope 3 ambition into a pathway, underpinned by four pillars.

Firstly, recognising the importance of engagement and advocacy, we will be taking a more active role in shaping responsible policy and industry initiatives.

Secondly, our product quality and customer strategy – supporting our customers' decarbonization journeys by tailoring products to their specifications/prioritising production and sale of high-quality material.

Third, through partnerships to drive decarbonisation technology adoption, we are working with customers, as a partner, to pilot carbon reduction technologies. 20% of our iron ore customers are now covered by these agreements.

Finally, new green business building– this includes funding of start-ups who are developing and commercialising novel decarbonisation technologies, through our Decarbonisation Ventures fund. We also launched the ‘Pathways to Steel Decarbonisation’ innovation challenge together with the European Institute of Innovation and Technology. Given the importance of the steel sector in our value chain, understanding the sector’s likely pace of decarbonisation is critical.

Our base case assumption is that the 2020s will be a decade of transition and steel production will outpace technologically driven reductions in GHG emissions until 2030. Against this backdrop – and given our growth profile and our expectations for the sourcing of third-party product for our customers – we expect our Scope 3 emissions to increase to 2030, before reducing rapidly once investments in steel value chain decarbonisation begin to take effect.

We estimate that these levers to reduce emissions intensity from our iron ore products from Kumba and Minas-Rio and our steelmaking coal assets could reduce our Scope 3 emissions by 40–50% from our 2020 baseline. Reduction in Scope 3 for other products could reduce emissions by another 10–15%.

### Slide 11: 2023 priorities

Finally, the ‘to-do’ list for this year:

On Scope 1 and 2:

- Complete transition to 100% renewable electricity in Peru, hopefully by the middle of this year
- Commence construction of the first wave of wind and solar projects in South Africa
- Continue the concept phase work on the nuGen™ Zero Emissions Haulage Solution for both Mogalakwena and Minas-Rio
- As I mentioned before, launch the VAM abatement feasibility project for Moranbah

On Scope 3:

- We will continue our work with partners – and also identifying new partners towards decarbonising the steel value chain
- And, we expect delivery of the balance of the LNG fleet over the next two years
- Also on the logistics front we are working with the Global Maritime Forum and partners such as Tata Steel, Vuka Marine, Engie and the Port of Saldanha to develop the first-ever concept for a maritime green corridor for zero-emission shipping of iron ore between South Africa and Europe.

This is the detail that we will continue filling in as we progress.

In summary, there is lots of work to do, and more definition to bring but we have a well-resourced programme of work to deliver against our objectives.

## Social Impact

Anik Michaud

*Group Director Corporate Relations & Sustainable Impact, Anglo American plc*

Thanks Duncan - I have to say I am very excited about our LNG ships in fact on my upcoming trip to China I will be there to christen one of them!

When we talk about social impact we recognize the interdependences between social performance, the broader socio-economic impacts we have through our supply chains and our targeted initiatives, and also our culture of promoting inclusion and diversity. Our workforce, our communities and our regions are part of an ecosystem – that needs to work seamlessly.

This is why we are driving performance in this area through some leading financing initiatives. You may remember last year we talked about a \$100 million 10-year loan agreement with the IFC. This is linked to the delivery of sustainability goals that are integral to our Sustainable Mining Plan: in this case, in South Africa, supporting the partnership we have with government to significantly increase attainment levels in host community schools and creating or supporting 3 offsite jobs for every onsite job by 2025. Since then, we have also issued our first sustainability-linked bond, including performance targets to reduce greenhouse gas emissions and fresh water abstraction, and to support job creation in host communities. This was the first by a mining major to include this type of socio-economic metric.

As this is about keeping you updated on our progress in key areas of sustainability I will channel my inner Finance Director and talk you through a few graphs and charts!

### **Slide 13: Supporting thriving communities**

Now onto the graphs and charts.

On social performance – we continue to make progress on the implementation of our Social Way 3.0 management system, with 66% of foundational requirements implemented and externally assured. Attaining this level of performance represents a higher bar than any that has been set before in the industry. Let's remind ourselves why that is... it is a whole of site approach to social performance and has community participation at its core. The programme is a critical underpin to many of our ambitious 2030 Sustainable Mining Plan targets, demonstrating our commitment to partnering with our host communities and governments.

Alongside this, I am very proud of the significant economic contribution that we make. Stephen went into detail about this in February but the message I want to highlight here is that by employing people, paying and collecting taxes in country and spending money with suppliers, we make a very significant positive contribution to both host communities and their regional and national economies. Most of these are in developing countries, of course, so an even greater positive impact. Thanks to the multiplier effect, our total economic contribution extends far beyond the direct value we add.

#### **Slide 14: Significant economic contribution through local procurement**

Part of this economic contribution is procurement in our host countries which, in 2022, was just under \$14 billion, over 90% of our total procurement.

We ensure that our business operations deliver economic value to communities through our policies on inclusive procurement, local recruitment and supporting local suppliers. By investing in local suppliers as far as possible, we increase the wealth of the people who live and work in the regions where we operate. We also have a major focus on supporting sustainable employment and economic diversification outside the mining value chain.

For us, this is all part of being a sustainable business – creating value for a far wider range of our stakeholders. Our Sustainable Mining Plan stretch goals that Duncan mentioned relate to this and local procurement in particular is central to our livelihoods goal.

By the end of 2022, we supported ~115,000 jobs through local procurement and socio-economic development programmes since the launch of our Sustainable Mining Plan in 2018. 77,000 of these jobs are jobs the result of Anglo American's local procurement activities.

Our target is to support 5 off site jobs for every on site job by 2030 and, by the end of last year, I am proud to say we supported 1.8 off site jobs for every on site job in 2022...and including induced jobs, those created by the spending of our employees and our suppliers' employees, we support 6.5 off site jobs for every on-site job. That's over 400,000 jobs.

#### **Slide 15: Enabling shared, sustainable prosperity through our livelihood programmes**

We continue to develop new and innovative approaches to supporting local employment and economic diversification. For example, we are catalysing impact investment ecosystems in Southern Africa and South America, in which we identify and capacitate entrepreneurs seeking funding and then introduce them to a curated set of impact investors active in those regions. Although this initiative is new we have already enabled over \$12 million of investment into businesses that expect to support over 10,000 jobs.

So, let me bring some of this to life. For over 30 years, Zimele, our enterprise capacity building programme in South Africa has been funding SMMEs to enable them to participate effectively in the economy. There are currently 813 participants on active programmes across all Anglo American sites. Since 2018, Zimele has disbursed \$25 million, with an excellent 92% loan recoverability rate.

Our equivalent programme in Chile and Peru EMERGE, a collaboration between Anglo American and Technoserve, that works to accelerate micro and small businesses in communities surrounding Anglo American operations. We have supported over 50,000 entrepreneurs and small-to-medium businesses by providing tailored business mentoring, one-on-one advisory support, online training and access to finance. We also have CRESCER supporting enterprise development in Brazil with some promising impacts on female progression and increasing incomes in the workforce.

Finally, in Botswana and Zimbabwe, we have Tokafala and the Takura Project respectively.



In Botswana we have a partnership with the Government of Botswana, De Beers and Debswana with the aim to help Botswana to leverage the power of the mining sector to diversify its economy. Through this, 1,000 small-to-medium sized businesses have been strengthened and 5,600 jobs supported.

In Zimbabwe, where we are again partnering with Technoserve, 600 farmers have been recruited and given training to adapt climate-smart, regenerative practices and commercialise their businesses (55% of those farmers are women).

### **Slide 16: Building on firm Inclusion and Diversity foundations**

Turning to inclusion and diversity, we continue to make further progress to reach our gender goal of 33% female representation by the end of 2023 at all management levels across the business.

While female representation in our most senior management plateaued at the end of 2022 at 29% - it is now 30% as we stand today, with great progress since 2018 and, as Duncan said – progress is rarely linear. We are approaching this sustainably and appointing individuals with the right skills to do the roles, rather than being based on gender. It is critical to look at the continued improvement in our female representation at all management levels as this enables us to establish robust succession plans with strong and growing female representation. We have been recognised for this work through the Bloomberg Gender Equality Index, as well as being listed as of the top 50 employers of women by the Times in London.

And of course, inclusion and diversity goes beyond gender. We have established an index based on regular internal employee surveys – which is indicating a positive trend in broader aspects of inclusion and diversity. This reflects our status as one of the top 50 most inclusive companies in the UK.

In 2023, we will continue to build on our established strategic areas of focus and embed the policies and initiatives we put in place in 2022. One important area of focus will be our Stand Up for Everyone initiative, through which we will enhance our emphasis on the eradication of bullying, harassment, victimisation and domestic violence.

### **Slide 17: Promoting a safe and inclusive culture**

Building a safe and inclusive culture is a constant focus for us, and we are going beyond physical safety by helping to create an environment of psychological safety. In November, we launched our Living with Dignity hub in South Africa. The Hub is an independently managed facility that provides victims of gender-based violence, bullying, harassment and victimisation (whether in the world of work or at home in the form of domestic violence) an independent reporting channel, as well as expert psycho-social and legal support.

At Steelmaking Coal in Australia, a similar facility provides an employee-centric trauma response for cases of bullying, harassment and victimisation in the workplace, supported by investigators with the specific skills required for such cases.

We recognise that building a safe and inclusive culture is constant work and we are committed to listening to our people and other stakeholders that are close to our business every day. We are proud of the initial results that we have seen from the Hub, which handled 139 cases since

opening - establishing itself as the place to get help when it is most needed. Anglo American has implemented the Hub as a pilot concept which we may look to implement more widely.

We are also committed to ensuring that every employee at Anglo American earns a fair wage and I am proud to share that we have secured a Living Wage accreditation that formally recognises Anglo American's status as a committed global Living Wage employer. Anglo American is the first mining company to reach this milestone. Beyond the mining sector, Anglo American is the third company in the world to be Living Wage globally accredited by the Fair Wage Network. This is real and important progress and has such a bearing on the culture we are encouraging and the engagement of our workforce.

### **Integrated approach for a sustainable future**

Duncan Wanblad

*Chief Executive, Anglo American plc*

#### **Slide 19: Los Bronces water solution delivering community value**

We have spoken about our integrated approach to sustainability and in wrapping things up today, I would like to bring that to life with a great example at Los Bronces, where we currently rely on more than 6 external water sources due to the prolonged drought in central Chile.

These are the sort of challenges that we expect to see – and our longer term response has 3 key elements:

First, recycling. At the site, we currently recycle more than 85% of our water and continue to work on various new initiatives and technologies to reduce water usage, as well as efforts to support our local communities.

Secondly, continued reductions in our use of fresh water.

Both of these steps also create value for our key regional stakeholders and in 2022 we continued our efforts to divert fresh water for beneficial use, increasing water supply to host communities near our Los Bronces operation in Chile.

Finally, a longer-term solution. Our two-stage Integrated Water Security Project is a great example of how we can deliver win-win outcomes if we approach these challenges holistically: We have entered into an offtake agreement to source desalinated water with the necessary infrastructure to supply Los Bronces. This will reduce our fresh water consumption by more than 45%. It also allows us to provide water into the rural potable water systems of our host communities close to the pipeline, benefitting approximately 20,000 people.

In the second stage, we aim to exchange the desalinated water for treated waste water which will potentially benefit around 1 million people in the region.

This is a long-term solution water solution for Los Bronces that allows us to secure future production levels and contribute significantly to the Group's 2030 fresh water reduction target - and at a lower unit cost – while also delivering clear benefits to the local communities.

We think beyond our mine gate, and consider our role in catalysing positive change in our host communities and broader ecosystems. This is what integrated sustainability looks like. We believe that this is simply the right thing to do – not least as it absolutely improves people’s lives. We are very proud of this work leading the industry down this path, and I believe that we can deliver innovative solutions such as this across a range of opportunities.

**Slide 20: Diversified product suite aimed at major demand trends**

To summarise, we prioritise all of these things you have heard today about because that is the right thing to do, but it is also vital if our geographically diverse portfolio going to be able to supply these ever more essential metals and minerals into the two major future demand trends that are becoming ever clearer:

Firstly, the decarbonisation of our energy and transport systems to get us to a cleaner, greener, more sustainable world; and

Secondly, the broader drive towards improved living standards for a growing and urbanising global population, meaning demand for everything from homes and electronics to food and consumer luxuries.

In meeting this demand, it is incumbent on us to deliver these metals and minerals as sustainably as possible – so we need 60 Quellavecos to meet copper demand – and these need to be mined and managed sustainably and responsibly. While we are making good progress, we recognise the need to maintain our momentum and work hard over the coming years to convert our pathways into continued delivery.

And now I will hand over to take questions.