Sustainability Performance 2021 October Session

Friday, 29th October 2021

Sustainability Overview

Mark Cutifani

Chief Executive

Introduction and agenda

Welcome everybody and thank you for joining us today for the second of our sustainability performance updates for 2021. Please read the legal document in your own time.

Health and safety

Dealing with Covid

Let us start with the most important issue we have had to deal with in the course of the last 18 months, obviously Covid, and our WeCare programme. You have heard us talk about the holistic and coordinated programme we have had in place since the outset of the pandemic to protect both lives and livelihoods. In many ways, the pandemic has proven more challenging this year than last, particularly in those countries where vaccination roll-outs have been slow and certainly remain low. Our work this year has been to focus on keeping employers and community members safe. Making sure that people know their status, so they help us keep everyone safe, while at the same time we help each other manage the unintended consequences of the pandemic.

Mental health and gender-based violence programmes have been very important in managing some of these secondary but also very material issues through our communities, another key part of our work has been pushing the longer-term solution around vaccinations, both within our operations and in our communities. In many places, we are actually administering vaccines to both employees and community members, and that has been a very important part of our programme.

At the same time, we need to bring our business back up to capacity. It has been a very important part of a measured and carefully managed process throughout the operations, making sure new protocols protect people while Covid remains an issue in society in the broad sense. It is about making sure that we are also making people aware of the issues, making sure we are tackling complacency between the respective ways and to help people move beyond the many unhelpful mythologies and false information that we have circulating around communities and through social media on vaccines. And that is a very important part of the work we are doing. And in some of our open forums we have been able to debunk some of the stories going round, but there is still a lot of work to be done.

ESG

Portfolio, innovation and people

ESG is at the heart of our strategy. Our purpose guides our strategy and our strategy has three interlocking areas of endeavour: portfolio, innovation and people. It is about making sure we have got the right assets, we are making sure we are bringing those assets to account, and you can only do that if you have got the right people doing the right work at the right time.

FutureSmart Mining™

Of much relevance to our discussions today and central to our innovation work is FutureSmart Mining™, which is again our holistic approach to driving competitive transformation. FutureSmart Mining™ is about driving sustainability outcomes through technology and digitalisation, developing and implementing step innovations to transform how we source, how we mine, process, move and market our products to customers. We have been talking about FutureSmart Mining™ and how we are linking all these key elements together since 2015 and certainly it is central to our progress around safety and the reduction of our energy, water, social and physical mining footprints.

Addressing the E, the S and the G

Our sustainable mining plan addresses the E, the S and the G. Although we have our own name for each of those to help bring them to life and drive the change we want to see across the organisation.

The E equals healthy environment, the S equals thriving communities and the G is about being a trusted corporate leader in all of its dimensions. Each term and each conversation has a key set of stretching goals that we set three years ago and as you would expect, as we improve we continue to increase the stretch in these targets. This is about making sure we improve and we are covering the right ground and continuing to improve as part of our culture and as a way of doing things across the organisation.

For our mines to be safe, responsible and productive, they need to operate in areas that are thriving. When we talk about areas, we are talking about within the communities both in the local sense and on a broader scale, whether it is provincial or in regions. This is where our collaborative regional development approach comes in, which is all about creating collaborative mechanisms that drive economic developing that is wholly independent of mining in our host community. We get together with other mining companies, with other businesses, we look at the infrastructure we each need and try and position those infrastructures so the community has access to and gets broader benefits so they can also develop new commercial opportunities. I should also point out again that safety, health, environment and social metrics are embedded in our executive and senior management pay mechanisms, both bonuses and longer-term incentives, including specifically around emissions and off-site job creation.

Safety

On safety, health and environment, we continue to focus on our improvement journey. We have come a long way but we still have more work to do. Looking at safety, while I am pleased with the progress, which reflects the great work of the elimination of fatalities task force, and in fact if we go back to 2013, we have reduced fatal incidents by 93%, but with the sad loss of Carlos Gonzalo Rodriguez at Quellaveco a couple of months ago, it does tell us that there are still things that we can do better and certainly lessons we can learn across the business. We are certainly working hard to get to that zero.

Health

In terms of health cases, ongoing improvements in controls and our focus on the elimination of hazards at source are having a very positive effect and impact across the operations, which

is really important to us. So that is exposure to dust, chemicals, and other environmental hazards that have immediate potential health impacts.

Environment

On the environment, no incidents to date. Again, a good result and that reflects the work we have done to improve our planning and operating disciplines across the business. This chart shows that we have come a long way, we have improved and we have got much more consistency in the operations, but we are still not at that level where we want to be.

Jobs and communities

We have also been improving our performance on a broader front and the pandemic has reinforced to the outside world the importance of a mining company's social performance work. We support over 138,000 enterprise development jobs in our local communities, and it is around 200,000, if you factor in the impacts of our local procurement activities. We have ambitious plans as part of the Sustainable Mining Plan to achieve our 2030 target of supporting five jobs outside the mine gate for every job inside the mine gate. And that talks to future of work and other concepts that we understand and are developing to make sure that our workforce and our communities are connected and we are making a real difference in the communities for the longer term.

And looking at female senior management representation, we are making good progress towards our goal of 33% by 2023. We are at 28%, the direction of travel has been very positive and I certainly expect to get to 33% by 2023.

Social Way 3.0

Finally, last year we launched our new Social Way 3.0 programme and that is our package of social standards and practices. We are working to fully transition to the new, higher bar that we have set, which really is the industry benchmark for community engagement and social performance. In stepping back, you can see our trends of improvement across this range of non-financial metrics and certainly something that we all talk about on a regular basis within the business and it certainly defines the approach, the thinking and how important it is to us from a cultural perspective.

We believe the market recognises these improvements as indicators to how we think and create a resilient and sustainable business.

Sustainable Mining Plan

A quick update on our progress towards Sustainable Mining Plan goals across the board. In some of the more mature areas, such as reducing carbon emissions, we have initiatives up and running. In others, it is strategies and baselining work is where we are focussed at the moment. But on the whole the major goals are on track.

As you would expect, Covid has slowed progress on some interim milestones but the teams are working on ways to catch up and we remain on track in terms of the overall programmes. We are looking at whether there are ways that we can define our goals in a more tailored way to our portfolio as it evolves. This reflects CO_2 emissions are addressed globally, but water needs are more local and so we need to think a little more creatively in how we present metrics that represent those local jurisdictional issues in a way that is meaningful to the broader public and our stakeholders.

Drought in Chile

In Chile water scarcity continues to be a major challenge. In the central zone in Chile, where Los Bronces is located, it continues to face unprecedented climate conditions with a continuation of the longest drought ever recorded, and 2021 likely to be the driest year ever recorded. First and foremost, we recognise that freshwater sources must be prioritised for human consumption and so the work around Los Bronces has really been about identifying new water sources, converting what may have been brackish or other types of water sources to sources that we can use, and so there are a whole range of solutions that the team's put together to keep us operating. And we will need to continue on that work to make sure that we have got capacity for the longer term.

It is clear in the longer term we will need enhanced water security that will require the construction of desalination capacity. Our focus at the moment is to work collaboratively with our stakeholders to ensure that whatever solution we proceed with contributes to a better outcome for all. So that is with local businesses where we share water resources, it is local communities and on a broader basis in terms of Chile, and that work is currently underway. It is not currently our intention to construct a desalination facility, as we believe we have appropriate water security, but certainly I think it will remain in the mix as part of the longer-term options that we are looking at.

Our near-term focus is on enhancing water efficiency as well. We recycle about 87% of water used in Los Bronces; and we still think we can squeeze a bit more out of the system. We are also looking at newer technologies and we are trialling these technologies in El Soldado, such as Coarse Particle Recovery and Bulk Ore Sorting, along with other infrastructure investments, and that looks at use of tailings thickness to improve those efficiencies, and that should help continue improve our access to water.

At Collahuasi we are expecting an EIA approval, which will facilitate the construction of a desalination solution and is expected to commence ramp-up by the end of 2024. This timing will enable a significant reduction of water use from continental sources, which will then be incorporated into our expansion programmes for the site for the longer term. Our share of initial investment in Collahuasi is expected to be around $900 million for all desalination pipeline and electricity infrastructure, and importantly it is modular, allowing us to increase water supply over time as the operation grows. The resource has significant potential and the project will provide around 60% of the operation's requirements. Current water recycling rates are around 77%, so we are doing reasonably well but there is more work we can do on the efficiency side.

Overall, we are happy with the progress on the Sustainable Mining Plan; and as mentioned, we are running a process to refresh the plan to stay in line with emerging issues, which we will update you on next year. Some learnings through Covid that we will incorporate into the new plans and we will take another step over the next 12 months in getting better at water right across the business.

Healthy Environment

Looking at the first pillar in our Sustainable Mining Plan, the environment. In April, I said that we were finalising our work on Scope 3 and coinciding with this work is the release of our

latest climate change report that we have published this morning. There are three areas I would like to highlight from the report.

Mining for a low-carbon future

A key point: our products enable a sustainable future. Mining has a critical role to play in providing the metals and minerals needed for a low-carbon world, particularly in terms of energy and transport. Without copper, nickel, PGMs, high-quality iron ore and met coal that we produce and the extremely low-carbon fertiliser that we will produce, the world cannot transition to a lower carbon future or indeed feed itself. Our transformation and the quality of the portfolio is firmly in line with those trends and improving with the addition of the Woodsmith project and our exit from the last of our thermal coal operations.

In line with an ever-greater proportion of the portfolio supporting the future we all want to see, over 90% of our growth capital is earmarked for projects in future-enabling products.

Scope 1 and 2 footprint management

More specifically and looking at how our Scope 1 and Scope 2 carbon emissions evolve over time, our responsibility to society and our customers is to produce metals and minerals while protecting the environment through efficient and environmentally responsible footprint management. Our 30% Scope 1 and 2 reduction targets by 2030 and our ambition to deliver carbon-neutral production across our operations by 2040 have been articulated very clearly.

The first steps on our carbon neutrality pathway are around renewable energy. Contracts are in place in South America and I will touch on our plans in Southern Africa a little bit later. With those plans in place, our FutureSmart Mining™ technologies are key to reducing energy use in an absolute sense, thereby increasing efficiency, and this will help reduce our costs so that we are enhancing our competitive position. It also provides us with the ability to develop cleaner technologies such as hydrogen haulage, which is about replacing diesel that we use in the operations - a material step that we need to take to ensure we get to neutrality by 2040.

Tackling the challenge of methane emissions in our met coal operations is also very important. What we are working on with industry partners is the vent-air methane and we have some promising technology solutions which we are about to start testing.

Negative emissions technologies

Finally, if we cannot abate emissions from every source, we do see a role for negative emissions technologies, either through nature-based solutions or mineral carbonation. We have been looking at this for about three or four years, so we are well into the research and conversations about what we can do, a good example of the technologies in place is carbon sequestration in laterites. But what we do not want to do is rely on those technologies to actually get us to carbon neutrality. In a broader timeframe, we are looking at those as being additional carbon sinks.

Hydrogen truck project

On our hydrogen truck, the pilot project is progressing well in South Africa, at Mogalakwena.

It is really important to make these points. Firstly, we are not building a trial unit that can run around a car park for 10 or 15 minutes. This is fully functioning 2 MW with full in-mine functionality, a fully usable truck that is loaded, hauls and dumps material at the crusher. It is

a 290-tonne capacity unit. It is the real deal. No one has done it yet, this is a first, and is at least two years ahead of our competitors.

Replacing global fleet from 2024

That first truck is on site and being built as we speak. We expect it to be operational early next year as we put all the pieces together, we do the full early field trials and then we expect it to be functioning.

When we look at the whole truck fleet, we are already looking at the second pilot unit based on what we have learnt building this first unit, but we will finish the trials off and we will then go into the second phase and after that, we would expect to start changing the truck fleets from around 2024. We would look to replace our global truck fleet, which is around 400 trucks, over the following 10 years. So as our trucks come up for lifecycle changes, we would go 10 trucks per time, which includes the electrolyser unit that goes with those trucks, and we would progressively implement that change.

We do expect the technologies and the efficiencies to improve over time as well, based on what we have learnt through the process, and on what we are hearing from those that are further down the track in the automotive sector. It is an exciting time and longer term, we believe this fleet configuration is right up there with any fleet configuration in terms of efficiency, unit operating cost and it really is about being part of the future.

Setting the pace for the OEMs

It is a unit that is quite flexible it is a hybrid hydrogen-battery unit, which allows us to be flexible in our stripping, which is the biggest part of our mining costs across the operation. This change represents a reduction of 12% of our carbon emissions and so again a very important component of the programme. But we have had to take the lead on it because the OEMs were not in a position to drive this. In the long term we do not need to be a truck manufacturer, but we needed to set the pace of change and others are following, and that is good news for the industry.

Renewable electricity

In terms of renewable electricity, I would like to make the point that we are not just talking about change, we are doing it. Today our Scope 2 emissions is about switching to renewables. We have now changed contracts for all of our South American operations and by the end of next year we will be 100% South America renewable supplied. This will take our renewable electricity from about 36% of total electricity in the sites across the globe to about 56% in 2023.

To get the last 44% requires us to think differently again in some other jurisdictions, and it does require some investment, either from us or third parties. But the interest we have had from third parties and other producers of electricity in those areas certainly gives us confidence that we can get a return on our investments, and the outgoing capital will be relatively easy to manage depending on the absolute costs we are chasing and the returns we want from the capital we put into the system.

It is a work in progress, concept and scoping, but certainly the pathway looks pretty good and certainly we believe we are going to be able to wash our face or better in terms of capital

inputs, and that, from our point of view, is part of that competitive positioning that we see that is quite different to our competitors.

Southern Africa renewable strategy

To give a very specific example of where the bulk of that 44% next step will come from, we talk about Southern Africa. At the moment, we do not have the same grid systems that we have got in South America, in terms of hydro supply, so we have got to create a different grid or be part of a different grid through the country, which we then use in Southern Africa, so it goes more broadly beyond South Africa. The system that we are talking about involves wind power, solar and other technologies that would provide us with energy in absolute terms to provide all of our sites, but we would wheel some of that energy through the South African grid.

Deep mine pumped water storage

We would have some capacity inside the fence, which we would use and dedicate to production of our operations locally, and we would use that capacity to produce hydrogen and we would also use water stored in our deep underground mines as a battery, where we pump the water up when we have got excess renewable power and allow that water to run back down, when we need power. That system from the work our teams have done would actually reduce our costs, by around 50% compared to lithium batteries or even hydrogen storage, and as it goes with the renewable approach. It is a really smart solution based on the physical assets that we have got in the country that are under-utilised and provides us with a really cost-effective solution. Tony and the team have been working hard on smart solutions that improve our competitive position while delivering carbon neutral operations by 2040. And that is what the team has been working on over the last five years.

Genuine opportunity and sustainability

We have prioritised South Africa as 75% of our remaining Scope 2 emissions come from South Africa, and so that is why this is such an important project, given that we already have 56% of the renewable electricity supply in place by 2023. It also supports South Africa's commitment to Paris and contributing through to the Just Transition. It ticks all of the boxes for ourselves, for our stakeholders and for the countries in which we work, and it is a better outcome because we think those hydrogen networks can be used in our broader communities. So a number of things that help us in our whole sustainability strategy.

It is a hybrid project and it does involve investment inside and outside the gate, so the exact mix will be designed up over the next 18 months. It certainly looks like a good investment, and from our point of view is a genuine operations improvement opportunity. It is a genuine economic opportunity and the good news is that this is a sustainable project.

Scope 3 emissions

For Scope 1 and Scope 2 carbon neutrality, we have got pathways and plans and we have got the projects. We know how to get there and we are not talking about it, we are actually doing it. Consistent with that approach we have been working on the Scope 3 emissions conversation, a very important part of the story, and you would have seen our emission ambition that we set out this morning. It is different to Scope 1 and 2, so the way we think about it has to be different too. Scope 3 is always the Scope 1 of another enterprise so we cannot directly control it, but we have done a lot of work to understand it, which is then the

key to being able to influence it. There is a detailed inventory in the climate report of 115 million tonnes of greenhouse gases in our Scope 3 emissions, but a few things need to be pointed out.

Methodology

While the greenhouse gas protocols provide a framework to measure Scope 3, there is a significant scope for interpretation and companies have developed different methods appropriate for them to understand the carbon intensity of their value chain and how they will track the reduction in that intensity. Our approach builds on our 2019 disclosure and reduces double-counting as much as possible, an example is that we apportion our emissions between met coal and iron ore in producing a tonne of steel, so we try to get that balance right and make sure we are not double-counting those numbers. That gives us more confidence that the ambitions we are setting are in fact real and can be looked at in the context of the broader emissions conversation and it does provide us with the tracking of the effectiveness of our solutions as well.

It is worth noting that 77% of that 115 million tonnes is related to the steel value chain. That is not a surprise, and that is where the real focus is on making sure that we are influencing downstream outcomes.

Long-term green steel solution

As you have heard in the announcement today, we are reducing our Scope 3 emissions by around 50% by 2040 on the baseline that we have laid out. We are confident that we can deliver the ambition, and if the steel industry is able to decarbonise in line with the 1.5-degree target, that is the Paris-aligned trajectory, we believe that we could reduce our Scope 3 by as much as 80% by 2040. From our point of view, with the high-quality products that we produce, those products are valued and would be priority feeds for green steel applications, and that is how we are thinking about the contributions we can make both now, and in the medium to longer term, and we become part of the longer-term green steel solution.

Our baseline excludes the thermal coal operations that we have demerged this year, so you can see it on the chart to show you the trajectory that we have from where we were in 2020 to where we will be in 2030. The light blue area reflects growth in the business, from growing copper production and those products that will actually help drive the transition as this is what the world needs; over the same period, we are continuing to reduce the intensity of our production, and so the increase you see into 2030 has been mitigated by the efficiencies that we will deliver; and then we track down very aggressively through 2040, based on those efficiencies applied against those volumes in the following 10 years.

It does not reflect how hard we are working in those first 10 years, 2020 to 2030, but we are building and growing the business and those materials that are needed to drive the energy transition. That is a really important point to keep in mind, and certainly from our point of view, it shows how we are in different dimensions driving real change and providing the products that will help drive the broader transition. If we are going to take those incremental products back in terms of carbon credits, where copper is used in other applications, then obviously our 2030 number would look far lower.

Three levers to reduction

Portfolio

We have three primary levers to pull to help us deliver our reduction ambition. First, our portfolio composition, especially the quality of the products we supply. High quality iron ore from Minas Rio and Kumba is well suited to be used as DRI pellet feed. DRI is already a more carbon-efficient means of producing and coupled with renewable power and then ultimately hydrogen is the pathway to green steel. We are well placed to serve that market. We are also going to work with our customers to ensure we are always innovating to provide the best products associated with their needs for efficient production, and that is an ongoing improvement journey.

Our met coal is high quality hard coking coal, so it brings emissions benefits in terms of blast furnace efficiency. That is obviously key in the short term. Longer term, met coal will be transitioned out of the steel mix but we expect that to be more like 2040, and based on our met coal asset mine life, that would correspond to that transition timing. We think that is a consistent mix with the broader targets in reducing Scope 3 emissions.

Partnerships and freight

Second, as with others, we are forming partnerships to support our customers' efforts to decarbonise. And finally, we have set ourselves the ambition of achieving carbon neutrality in our controlled ocean freight by 2040.

We are working on a number of fronts. The technical team, the operations team and our marketing teams are all in there making sure that we reduce our carbon footprint across the board.

Managing transition justly

In talking about our contribution to the Just Transition, the other element that we talk to is how we connect with communities and other stakeholders to make sure that the transition is being managed in a just way. We have thought carefully about the Just Transition together with the Council for Inclusive Capitalism and we have brought our experience and expertise in social performance, including the collaborative regional development model, together with our approach to mine closure, to the issue.

Essentially, the Just Transition is a form of socio-economic development and needs to be considered as such. Jon and the team have done fantastic work in making sure that we think short, medium, and longer term, in terms of how we are transitioning and providing new opportunities for our communities such that we are leaving a positive footprint to provide other commercial opportunities in those communities.

Climate change recap

To recap on climate change, we have delivered on our initial emissions-reduction targets one year early, a positive outcome. We are on track to hit carbon neutral for Scopes 1 and 2 by 2040, aided by our plans for South African renewables in that strategy. We have stretched ourselves to go further now with a 50% reduction ambition for Scope 3. We are thinking about climate in an interconnected way, including in relation to biodiversity but also within the context of the Just Transition.

Livelihoods

Jon Samuel

Head of Responsible Business Partnerships

Background

Embedded in our DNA

I'm going to talk a little bit about the livelihoods work that we do in Anglo American, and it is obviously relevant to many of the challenges we face in Just Transition, as Mark has mentioned. It is also really relevant at the moment in terms of supporting Covid recovery in our host communities, it is relevant to the debates about automation and the expectations that our host communities and countries have for economic benefits from mining operations.

I think it is important to say we see this as a source of competitive advantage and increasing advantage for us, given where we expect future mines to be developed, which is predominantly non-OECD locations. It is something we have thought about for a long time. Our founder, Sir Ernest Oppenheimer, was talking about the contribution of mining to host communities and countries back in the 1950s. We had our first professional social investment function established in the early 1970s, our first enterprise and supplier development function focussed on black South Africans in the late 1980s, and that innovation and codification of what we're doing, the professionalisation, has carried through to this day. As Mark mentioned, we have significant stretch goals in the Sustainable Mining Plan on education, health and livelihoods, and we have livelihoods as part of our long-term incentive plan structure as of this year.

Collaborative Regional Development

To help us reach this much higher level of ambition that we have set out, we have developed something called Collaborative Regional Development (CRD), and what this is trying to do is move away from isolated one-off projects to much larger, longer-term interventions that support broad economic diversification in the regions where we operate. We do it at the regional, not at the neighbourhood level, and there are some key features that we apply.

So firstly, governments obviously do development planning, but we think we can bring something with a business approach to complement and build on that. Secondly, there is deep engagement with stakeholders to understand what their aspirations are, but then we also back that up with rigorous data analysis for the region.

For example, we will look at things like climate, soils, infrastructure, skills, we will look at tourism and environmental resources to try and build up a holistic picture. Are there tourism resources that are not being exploited? Is there a mining value chain that is really not developed as much as it could be given the demand that exists within the region and further afield?

We identify that untapped potential and then we build partnerships and take those projects forward and importantly, we do that under a multi-stakeholder governance framework. We think it is really important that we as Anglo American are not seen as driving a lot of this. We want many stakeholders to buy in, including of course government but also companies, including mining companies, as well as NGOs. And then this is all underpinned by rigorous project management cycle.

Principals

There are a few principals that we are always trying to apply, given our particular lens as a business. Firstly, we are looking for programmatic interventions, big, long-term, scalable; and the reason for that is it allows us to plan much more rigorously, evaluate impact and improve and it also allows us to attract the best partners. We see partnerships as really essential, both in terms of expertise – so there are many organisations out there that have been socio-economic development work much longer than the mining industry as a whole; partnerships also bring legitimacy and credibility, and they also bring access to new funding pools to support the interventions we are looking to promote.

As a company we always try and bring a productivity lens, whether that is supporting the efficiency of small businesses, for example, that we are supporting or other suppliers, or whether it is improving the quality of education and health care through supporting existing public service providers, allowing them to be more effective and efficient.

And we are always trying to pull the levers that we have within the company, and the biggest of those is our supply chain, our procurement, which is roughly $11.5 billion a year. that is typically about 100 times our social investment budget. But we also look at things like the skills within the business, and we've been rolling our groupwide skills-based employer volunteering programme to tap into some of that expertise for example.

Agriculture

Agriculture is just one example of how CRD can work. It lends itself quite nicely to an illustration of how it works. One of the things we have identified in many of our host regions is that there are actually much more valuable crops that could be grown than are being grown at the moment, but there is a catch which is that for them to be viable they need in-region processing, but to have in-region processing you need the right quality and volume of feedstock, and no one actor on their own acting in isolation, can actually provide that level of feedstock. So if we work with partners, we think we can bridge that gap and actually bring in the offtake partners to do the processing and then find route to overseas markets.

This is a schematic illustration of a model we are working on in South Africa, where at its heart there will be a commercial farm and that might be on our land or it might be on other partners' land; and on that we will put in the right infrastructure to support high-value agriculture and we will draw on mine infrastructure for example, so things like water, power, logistics. Then around that we will actually allow other participants to use that infrastructure as well. That might be other farmers, commercial farmers, but it might also be other smallholder farmers and it could even be people with small amounts of crops in their backyards. For example, some of the things we are looking at can be grown in oil drums and they could sell their crop the central processing hub. By doing this, we believe we can get better value for our land and for other landholders so there is a commercial win for us potentially, but also there is lots of jobs we can support and we can uplift the livelihoods of many thousands of people around our communities in South Africa.

Programmes with TechnoServe

Beyond Extraction

A couple of examples, in South America we have been working with Inter-American Development Bank and TechnoServe, which is a specialist NGO that focusses on business solutions to poverty, and we have been working with them in Brazil, Chile and Peru on a project we have called Beyond Extraction. You can see the targets for that programme and we have supported or created almost 5,500 jobs. We met the targets in that programme and of the businesses that participated, there was almost a one-third increase in turnover from the expertise they benefited from in the programme.

Takura

A newer programme in Zimbabwe called Takura, again working with TechnoServe, we are planning to support about 600 farmers, and almost 2,000 jobs. We are in the second year of the programme. We are actually slightly ahead of track despite Covid and for example, that project is already exporting fresh produce to the UK and the Netherlands. It does not rely on local economies and brings in much needed foreign income.

Funding

Finally, we do not think that our higher ambition in this space means that we have to massively increase our social investment budget. Social investment has been the traditional way we have supported this work and we think there are other pools we can draw on. So third-party grants is an example, and the Beyond Extraction partnership secured $2 million of co-funding from the Inter-American Development Bank. But we see the commercial sources of funding available to support sustainable development as perhaps the most powerful; and to give you one example, in South Africa we are running a pilot on impact investment.

Impact investment

Impact investment has been something we have been interested in for some time and when we looked at that market, we found that there is a lot more funding available than there are good projects. So rather than setting up our own fund, we are investing in supporting the identification of businesses that want to receive investment and their capacitation so that they can actually become investable by the impact funds. We have created a network of appropriate impact funds that are interested in the sorts of businesses that operate in the regions where we are located.

The pilot is going very well so far. There are currently about 25 businesses in the pilot. They are looking for almost $90 million worth of investment. Not every one of those deals will be successful but if they were that would be about 5,000 or 6,000 jobs and it is actually costing us very little in terms of support from our side. What we are really paying for is the capacity, the assessment and the capacity development of the entrepreneurs, and that is not expensive from our point of view.

Meanwhile we continue to look at pulling the levers we have even harder. About 80% of our procurement spend is already sourced in our host countries but we are working to try and get more of that into our host regions as well to support socio-economic development in those regions, and we will look at other options such as our infrastructure, and Mark talked about

some of that with the hydrogen economy for example, as well as further trying to tap into the skills and expertise we have in the business to support host regions.

Sustainable Tax

Zahira Quattrocchi

Group Head of Tax

Tax and ESG

I wanted to provide an overview of the contribution that we are able to make across the host countries where we operate, and I also wanted to link this with strong, fundamental connection that we see between tax and ESG.

Tax and Economic Contribution Report

We think the Tax and Economic Contribution report is a very powerful document and tool. It fosters real transparency and better engagement and conversation with our stakeholders and it helps explain the principles and values of our approach to tax. It is not just about numbers, it is about much, much more.

We have been publishing it for seven years now and we started to do that because there was a wide interest coming from civil society, stakeholders and host countries about critical issues about tax, and we wanted to be clear and transparent. Over time, we really improved the level of information, adapted it to best practice and transformed the way we communicate about tax to be more about information rather than just inundating stakeholders with data.

The report last year shows quite a significant economic contribution of more than $25 billion. Of that $25 billion, more than $5 billion are tax borne and collected. We expect a larger contribution this year, very happily so because we see paying the right tax at the right time and in the right place, as a key part of the partnerships that we have developed, and we continue to develop, with our host countries.

It is not just about tax, it is about how we continuously contribute to countries throughout the life of the investment. During the discovery phase, we do that through job creation, through collecting taxes on employees' wages, through local procurement and by paying our own indirect tax. When we start mining and are profitable, we make royalty payments and pay corporate income tax.

Governance

Such substantial contribution has to be grounded on excellent governance, and has to be measured against relevant and best practice matrices because we want to make sure that we keep on striving for continuous improvement and want to be at the forefront of transparency. We think that governance and how we measure ourselves against the appropriate matrices are key to continuing that journey, because we recognise the transparency expectations will continue to evolve, so we really want to stay on top of that evolution and continue to be on the forefront.

GRI 207 standard

There are six key areas which are sourced from the Global Reporting Initiative tax standard from DJSI, Sustainalytics, FTSE Russell, and we try to really stay on top of what are the relevant matrices for all our stakeholders and for ourselves to make sure that we measure our progress. We also try hard to make a positive contribution to ongoing developments. We have created in our organisation a Tax and Sustainability Head to make sure that we really thrive and stay on top of this. We support our stakeholders and join the conversation like we did when the Global Reporting Initiative set up a consultation and working group to come up with a GRI 207 tax standard, which sets best practice on tax reporting, of which we are early adopters.

Tax Control Framework

We advocate for more and better tax transparency and better tax systems, which foster good tax governance, and that is really critical for us as it sets strong foundations and is brought to life by the roll-out of our global Tax Control Framework. The Tax Control Framework appropriately prioritises the conversation about tax risk management in the company and ensures the most effective processes and controls are in place in standardised ways throughout the whole organisation.

Integrating tax into Sustainable Mining Plan

Finally, a quick look on how tax is embedded in the Sustainable Mining Plan. We believe being a trusted corporate leader means embedding sustainability in everything we do, being fearless about how we engage with others, wherever we think that our perspective and experiences can help build better tax systems, better tax bases that benefit society and communities where we operate in the long term. It is a partnership that we think about, not just a taxpayer-government type of relationship.

We are relentless advocates for open and transparent relationships between companies and government on tax. Transparency is a way to build trust and relying on principles that enable more open conversations. that is why we are very much involved in consultations and working groups on how to build trust with governments and tax authorities. The tax moral conversation at the OECD level, the cooperative compliance, we also spend time with tax authorities to help build understanding of the mining business. We did it in South Africa, we are doing it with other tax authorities. Other recent examples involve the royalty conversation in Chile, the global tax concept measure the OECD is coming up with, and a discussion on tax and green transition. We are particularly focussing on the carbon-border adjustment mechanism the EU is coming up with, because that really has a game-changing effect and also creates a level playing field for us.

Most important thing is that we're not just reacting to those developments, we are taking a positive role in the discussion to help build solutions that are sustainable for all.

Summary

Mark Cutifani

Chief Executive

Innovation and long-term vision

Very simply put, underlying all of these changes is our technical and operations innovation programme and our vision for what it can deliver longer-term, and this is part of our broader conversation. Tony's team have been working on a broad range of technical and digital solutions that will reduce our energy and carbon footprints, our water consumption and our physical footprints. These work programmes double-up by delivering operational benefit while also being the key to decarbonising.

Pay-off from investment

We are ahead of the curve in building our technical function when many in the industry were cutting theirs. So back in 2015-16, when we were going through the tough periods, we were building our technical functions with a view to improving our competitive position and we are starting to see those benefits roll out into the business. Over the next five years both from a competitive positioning perspective and in terms of our sustainability programmes, we are starting to see the real pay-off coming from those investments and the work we have been doing with people over the past five or six years.

Ultimately when we go back to the cornerstones that are really important for us in terms of what we are here to deliver as a business, we talk about purpose, our reimagining mining to improve people's lives, and I talked about that being the starting point for our strategy work early in the presentation.

Return on capital employed

Effectiveness, that is, our job is to deliver free cash flow and for those businesses that can do better than 10% on return of capital employed, that puts you in the top quartile of performers in our industry; it pays for dividends, it pays for reinvestment, it pays for improvement in the business, so it does create a virtuous circle. Measuring efficiency, that is return on capital employed and is all about making sure that we are creating value with the capital we are installing and the free cash that we do create is long-term sustainable.

That efficiency number, return on capital employed, is critical to us and we have a 15% threshold – we are near 20% at the moment, but certainly we continue to track up and improve – ultimately against our sustainability pillars; safety, health, environment, social performance, people – making sure we have got our talent pipelines, production based resources that support the production base, our operating cost position, and ultimately where we keep our balance sheet.

Q&A

Operator: The first question is from the line of Alain Gabriel from Morgan Stanley.

Alain Gabriel (Morgan Stanley): I have two questions from my side. Firstly, based on the origins of your Scope 1 and 2 emissions it seems that South Africa is by far the most important emitter. This means that if you get South Africa right, you will go a long way in meeting your targets. However, from your presentation it seems that the energy strategy there will depend on a variety of partners fulfilling their part of the bargain. How confident are you about the execution and slippage risks there given that you are not in full control of these initiatives? And how do you plan to fund these initiatives in South Africa?

Mark Cutifani: Firstly, the position we'll have in 2023 is 56% of our renewables will be in place. The next big step is South Africa. We have already sat with the government and taken them through the concepts of the wind farms East and West Coast, the solar, the underground battery concept with water. Very supportive of all of those concepts, that's really important.

Secondly, Eskom, the national energy provider, has talked about $30 billion of investment in creating a new energy strategy for the country and I would expect that they've been thinking long and hard about the proposals we've been putting to them. We've had a number of players who are interested in funding the opportunities, both pension funds, infrastructure providers, so I don't think there'll be any shortage of funds. In fact, a lot of them have said to us they don't have enough infrastructure projects to fulfil their investment mandates.

Some of the projects will be funded where they're inside the mine gate, for example the 100-megawatt Mogalakwena solar facility most likely will be funded by us. We will then connect that to the underground storage concept, which is a well-known concept in broader energy places, providing us with low-cost energy. It provides us with more stable power, it helps build a more stable grid across the country.

We are still in concept and scoping phases and it will be a combination of investments by third parties in running a multi-user facility, so that implies funding that sits outside or certainly off our balance sheet. But there'll also be some investments we'll have on our balance sheet and getting that mix right is something we're working through.

The most important point to make on the funding of that South African leg of the strategy is that it's still subject to the detail. It gives us a solid economic return. Now, if you look at the 56% that we'll have in place by 2023, that will be more than self-funding, and in fact we're already deriving net benefits.

Stephen Pearce: In the South American scenario, we really only had one cost and that was when we paid out some of our existing contracts in Chile, so just under $200 million. And even at that point, which was a couple of years ago, moving into the renewable contracts was very positive for us, net present cost value in excess of $0.5 billion even at that stage.

If you came forward to today and played into that analysis current energy prices, because a lot of those old contracts were indexed to either coal or natural gas, and everyone knows what's happened to those prices in recent times, it would be even more significantly positive - hundreds of millions of dollars even just in Chile this year. I think it's a great example where

we're trying to encourage people to think a little bit differently that these things can be positive economically and NPV wise as well as good in terms of the transition journey.

In South Africa, it's not as easy as not a lot of that same infrastructure exists at the moment. But as Mark said, we'll work with quite a lot of parties, and there's a lot of interest out there, particularly for those sort of projects that are underpinned by our baseload. I think that's a really exciting opportunity. Exactly what will be inside the gate, outside the gate, multi-user, single-user, is still being refined.

To give you another example, in the recent LNG ships that we've committed to, some of this needs early sponsoring. It doesn't mean we have to use our balance sheet forever on these things and as industry develops and follows, then I'd expect in shipping's case there'll be a great pool of LNG and then hopefully hydrogen ships in due course. And I think it'll be the same in South African energy strategy, where we may sponsor initially but it doesn't necessarily mean we have to own these things forever and people are really looking for these sorts of opportunities and I think that plays well into the space.

Mark Cutifani:

Two areas of our programme that we're still looking at in terms of funding, but again in the scheme of things represent a relatively low risk in terms of the overall programme, is the vent air methane technologies, which we'll work on over the next 12 months and keep people posted on what that looks like.

The truck work will actually reduce our operating costs through the implementation of the change-out of the truck fleet. The question is, can you get enough back to fully recover and get an economic return? We believe we can and that is not assuming any carbon pricing. Tony and the guys are working through that over the next 18 months and when we come back with final proposals, I think that'll look pretty good as well.

Stephen Pearce: Obviously, once you start to produce hydrogen for use inside the fence that potentially opens up opportunities outside the fence as well. Whether that's energy to communities –if you're running the train from mine site to port, why not run that on hydrogen fuel cells? If that's running on hydrogen, why not run the port on hydrogen? And so that network of opportunities built off our baseload would really help in terms of overall economics in due course as well.

Mark Cutifani: From our point of view, we've got a host of people lining up to be part of this; big energy suppliers, infrastructure providers, pension funds who have mandates in this type of expenditure, we've got the multilaterals looking to put money in. So we don't think there's going to be an issue of is there enough money available. It's who's the best partner, how do we put packages together where we've got synergies and we're well down that track in scoping the concept work.

Alain Gabriel: My second question is on your spending budget. So clearly your decarbonisation Capex has been typically embedded in your group Capex guidance. You have always seen it as an integral part of your business and culture. However, some investors are worried that we would see a significant step-up in decarbonisation spending like we have seen with some of your peers recently. Are you able to quantify how much you will need to spend through 2030 to meet your Scope 1 and 2 objectives?

Mark Cutifani: On a net-net basis we've spent nothing up to the 56% renewable electricity and the way to think about the estimates we're working on now, is to look at our technology work and the enhancement work that we're doing, where we've spent about $300-500 million a year. Some of the expenditure will be in those numbers and we'll give you a bit more clarity on those issues in December but it'll be a progressive spend.

Stephen Pearce: It becomes harder to distinguish as we go forward because a lot of the improvements - particularly some of the technology stuff that Tony's worked on, the bulk ore sorters, the coarse particle recovery, etc., just becomes part of the way you do business. They have their own economically positive case anyway. And so particularly as they move from trial phase to roll-out, they are just part of the business and the capital guidance that we view in front of us.

I'm not sure we're going to be able to identify it for you even in some of the mainstream technology stuff because it will just be part of the capital programme. It's good for water, good for energy and good for business. So that stacks up pretty well.

In other areas we'll continue to give you guidance; but as we're looking at it at the moment, a lot of it has a very positive business case. Some of it may be timing before you recycle, as I mentioned before, I think we've got a really good story to tell here and thinking about it a bit differently so it doesn't just become a cost to the business.

Even on the vent air methane at this stage, a couple of hundred million dollars assumes no carbon tax in Australia. If that was to come in then it's going to be compellingly a positive thing for us to do.

Operator: The next question from Ian Rossouw from Barclays.

Ian Rossouw (Barclays): On your Scope 1 and 2 emission targets by 2040 and then likewise the Scope 3 targets, you mentioned the three main areas to bring those reductions on the Scope 2 side. Could you give us a sense of how much of that would just be portfolio and assets depleting on both targets?

Mark Cutifani: Depletion of met coal assets over that period would be around the 30% range. We think that's appropriate because we think by 2040 the world is moving more to green steel produced with hydrogen, and so our high-quality iron ore will be targeting those particular markets and that's where we've got a natural advantage. Our 50-80% reduction takes this into account, and if we can get all of that's feasible in those markets then our reduction's more like 80%. But it depends on how quickly steel moves, as we are subject to what our customers do. But if you look at 67% Minas Rio's product versus 58% fines out of the Pilbara, there's a 25-30% difference in Scope 3 emissions just in those two product mixes. That's why we think being a niche producer in iron ore helps us get the ticket to the game a lot earlier and helps us get there quicker.

One other point is that the fact that our new production comes from copper and Woodsmith means that the proportion of Scope 3 contributions also is enhanced for us because we're getting more of our new production versus old production in those products. We get a real shift in our portfolio, so our returns are actually weighted to the low-carbon products as well.

Ian Rossouw: What would Kumba be on that? You're saying 30% would be met coal.

Mark Cutifani: The difference in Kumba over time would again be probably around 20%, on the assumption of life where it is. If we extend, and that's what we're hoping to do, we'd reset and advise on what those numbers look like.

Stephen Pearce: Just to pick up on your point obviously the high-grade iron ore and even the lump etc. - also really suitable for both modern blast furnaces that operate today as they are preferred, much cleaner, but also then the transition through DRI plants and ultimately through hydrogen-fired DRI plants with pellet feed, etc.

Mark Cutifani: We use 0.8 tonne of met coal in making a tonne of steel and we use 1.5 tonnes of iron ore to make a tonne of steel, and so the proportions sit in that sort of range, with a lot of the carbon obviously coming from met coal. And so that's an important change in our portfolio over that timeframe.

Ian Rossouw: And second question, obviously you're talking about the sort of spend requirement in South Africa on decarbonisation– particularly on the Scope 2 front. What sort of broad numbers are you talking about in terms of overall gigawatts and capital spend? Not necessarily on your balance sheet but just trying to frame this sort of task.

Mark Cutifani: We're talking about 3.5 gigawatts. That is a bit higher than our total energy consumption so it gives us the equivalent of a fully-renewable input supply, so that's where that number comes from. And the guys have designed the concepts around the wind, solar in Northern Cape. It does also take into account that we'll put some solar capacity inside the fence, i.e., Mogalakwena for example, where we use the local underground water storage system.

Stephen Pearce: You saw Eskom's announcement, so how that plays out, what we do as a company inside and outside the fence, what other mining companies or other industries do, how we may do it together, it's a little bit hard to answer precisely. We'll need to use some of the Eskom grid to move power from say a wind farm to our location. The one thing I would say, if we can move both us and the country forward and away from coal-fired power, that's an absolutely fantastic thing for us to be a part of and I think it could make fantastic commercial sense for us.

Even if you just take account of reliability in the system, you know, we lose a quite reasonable amount of production, particularly platinum, in terms of outages etc, in terms of stability. Those things can be easily overlooked and they're incredibly valuable if you add those things back into the equation.

Mark Cutifani: There's a fair swing on it, Ian, and that's why we're a bit careful with these numbers because depending on exactly where you install them, Eskom has capacity in place, I mean physical capacity in place that we utilise, and so we're being a bit careful with the capital numbers because if it becomes part of the Eskom system, where there's a lot of their physical line wheeling capacity, they would pick that up anyway. The key number you want to look at and you can reflect on in terms of absolute capacity is the 3.5 gigawatts.

Operator: The next question from Myles Allsop from UBS.

Myles Allsop (UBS): Just to clarify a couple of things around Scope 3 emissions. First of all, with the measurements, so your inventory was 226 million tonnes last year and you've remeasured it at 115 million tonnes, and part of that is obviously the exit of thermal coal, but

then part of it is just a new way of measuring the emissions. Could you just confirm, are you now reporting Scope 3 emissions consistently with the peer group, with Rio, BHP, Glencore? On the Scope 3 number you're talking about the 50% ambition by 2040, is it right from what you were just saying that about half of that comes from the end of life at Kumba and the end of life of some of the coal assets, and the other half of the 50% percent cut comes from transport and other sources?

Mark Cutifani: Firstly, in terms of the Scope 3 logic, I know there will be some differences. I'll let you do the comparisons on those differences. What we've tried to do is to be intellectually consistent. For example, you have met coal where you've got 0.8 tonne of met coal and 1.5 tonnes of iron ore going into a tonne of steel. Others may require more iron ore to go in if they've got lower quality, but let's use those two numbers. What we've done is we've apportioned the emissions to those two inputs into the one tonne to come up with the true Scope 3 emission so there is no double count.

We've also included a proportion of trading emissions relative to the economic contribution from what comes from that tonne, because most others aren't including their trading emissions

Stephen Pearce: We do talk to some of the other big miners about the methodology and try to evolve the standards so that we do get elements of consistency and it makes it a bit easier. With my finance hat on, I'll often liken it to trying to prepare sets of complex consolidated accounts and then compare them, but not having the international accounting standards. I think the methodology has evolved, the visibility and understanding of that methodology has evolved well.

We've also reflected more customer-specific data, it's an evolution, as we understand, as our customers understand more about their own journey as well in terms of the factors that we use and how we calculate it. I expect as standards evolve and knowledge improves, that it will continue to evolve and we'll go with that flow and work closer with some of the other major players and the NGOs and institutions that help governance set the standards in this space.

Myles Allsop: And then with the 50% ambition for reduction, is it broadly right that half of that comes from the depletion of assets and half of that comes from other sources?

Mark Cutifani: I think that's reasonable.

Stephen Pearce: Obviously, the steel industry itself, decarbonising is one of the biggest contributors to that over time and obviously that really is probably in the period 2030 to 2040 in combination with say a rundown of met coal as a good example.

Myles Allsop: One last question just on tax and South America. Can you give us a quick update on the risk of higher taxes in Peru and Chile?

Stephen Pearce: You're seeing what I'd call a natural journey in some of these discussions. In terms of evolution, it's gone a little bit quieter just at the moment in the part of the process we're seeing in Chile, given elections and other things coming up. We had a great opportunity to contribute to those discussions. As Zahira said, we try to actively take a part in those discussions to make sure that there's a fair outcome for all. I noticed there were some announcements in Peru, in terms of them raising some of the same questions. Again,

we fully respect the rights of countries to work those things through. And as you've heard me on a number of occasions say that the UK, particularly this week, has a crack at getting the balance right.

The US has had a crack at getting the balance right and we've seen changes there in corporate income tax, social taxes, spending taxes, etc. And I expect that a number of other countries will work through those things to balance the books over time. Mining commodity-based economies tend to go towards mining taxes because it's one of the biggest things that can move the needle for them, but sensible discussions, sensible involvement and hopefully sensible outcomes.

Mark Cutifani: One other point which does come to mind in the Scope 3 conversation. One thing we've been giving a lot of thought to is beyond Scope 3, and particularly, in relation to steel, we'll have over 50% of our energy on renewables and one has to remember that steel makes a significant contribution to renewable energies, and ultimately there's a net back credit that doesn't get picked up in the Scope 3 conversation.

We're advocates of a much more science-based technically-driven analysis of what the decarbonisation strategy looks like and how we should be accountable for making those numbers or making the targets for 2030 and 2040. We think over the next couple of years, there's more of a debate to be had because those contributions are really significant and aren't getting picked up in the debates at the moment.

Call on Scope 4, it's the next step of thinking because if we can't stop making steel, well, decarbonisation doesn't happen, yet steel is getting that credit. There's some work we think we need to do but we think we've got great product in that industry that gives us an advantage, and I don't think that conversation is sophisticated enough yet. That goes back to Stephen's point about how we, as an industry, talk to emissions in a more thoughtful and a constructive way.

Over the next 12 to 18 months, a lot more work to be done to make this easier for everybody and also make those outcomes more transparent. So that's what we're going to focus on and trying to improve the conversation as we go forward.

Operator: Our next question from Sylvain Brunet from Exane BNP Paribas.

Sylvain Brunet (Exane BNP Paribas): On the Scope 3 reduction partnerships with steelmakers and other providers. is there any framework you have in mind to select who you're going to partner with, and is there a budget against that?

The second question is on safety, given all the progress you've made already, what do you say are the remaining geographies where you'd say there is still room for improvements on safety expertise?

Mark Cutifani: On the commitment with partners, we've announced one – obviously we're doing the shipping work. We've announced our steel partnership. Again, we're also looking at those players that we would most likely be providing product for, particularly the high-grade products, given we're a niche player.

We think the key thing is to have a product that everybody wants, and with our Minas Rio product in particular, but Kumba has been very good as well and there are process

technologies that we think we can continue to improve that. So Tony is working with Kumba and we're doing the same at Minas Rio with our coarse particle floatation and technologies and they take into different product set.

Over the next 12 months, I would hope to see a few more announcements on those types of partnerships which look at the whole technical development where we're giving them better products to help them reduce their Scope 3 emissions.

On safety, there's no doubt that firstly, the guys have done a great job in the platinum business. Their safety performance has really improved. They've gone 12 months fatality three, that's great news in terms of we've still got quite a significant amount of the workforce working underground. We're really pleased with that progress.

But we are still having more incidents or more high potential incidents than we would like, particularly around mobile equipment and not doing as good a job as we can on hazard assessment and management. So that's where the focal points are. We've improved 93% but we've still got a way to go, we're not at zero. Our accident frequency rate has improved 60% but I think we need to do a lot more there. I would say that COVID has added some pressures and some people may not have been focused on all of the important things in terms of the smaller less serious injuries but you've got to work right across the board.

Our elimination task force work is still ongoing and still lot more work to be done.

Operator: The next question is from Oliver Grewcock from Berenberg.

Oliver Grewcock (Berenberg): There's been some difficult headlines coming on Pilbara regarding rotation behaviour at some of your peers. Do you think any of your policies or operational behaviours would change with this in mind?

Mark Cutifani: I'm not going to talk about other companies. We still have work to do to make sure that our behaviours in all of our operations are as good as they should be. We really have used some of the news flows to help reinforce our views on the behaviours that we should have within the business. But I can't say that we're a 100% where we need to be and we really are using those incidents, and they're only incidents to explain to people what our expectations are. It's a journey. And it's a journey for all organisations and it's a journey for the industry.

We're working as hard as we can. The fact we had our purpose conversation and it was a very deep and meaningful conversation over 18 months, consulting 100,000 people to come up with seven words, but we own those words and then every action that we take has to be consistent with those words.

Whenever we see a negative headline or whenever we see a behaviour in our business, and we still have behaviours we're not happy with, we'll hold the mirror up to ourselves and say, okay, what should we do different? What could we do different? Let's make sure it can't happen here. And I've got to say that I'm proud of how far we've come but we're not where we need to be and I certainly wouldn't be critical or take sure shots at anyone else in the industry. I think we're all on the journey and we're part of that journey. We're trying to get there as quick as we can.

Oliver Grewcock: Could you remind us about your engagement with host communities? Do you think there's risk to the longer term mine plans with possible change to heritage laws?

Mark Cutifani: We've done a lot of heritage work. I know at Minas Rio, a lot of work was around heritage, both environmental and indigenous issues. I think we learned a lot of lessons at Minas Rio that we've applied back into Mogalakwena. I think we could do a better job in our community relocations.

We haven't done that well in platinum historically. And Natascha and the team are trying to apply those lessons to the future. And that would be important for us in the longer term at Mogalakwena, and there's work to be done with communities.

I think we'd have to be at the leading edge of that work. I don't see any immediate threats, but I think over the next ten years, we've got to go five steps further to make sure we've got all those issues right. I think there's more work for the industry to do because it only takes one bad place somewhere to create a bigger issue for all of us. I think we've all got to be part of that solution and I think we're working hard on that and on legacy, as we should be.

Operator: Our next question is from the line of Danielle Chigumira from Bernstein.

Danielle Chigumira (Bernstein): We know that there are plans to build desal capacity at Collahuasi. Could you chat through what makes a desalination at Collahuasi appropriate but not necessarily for Los Bronces? Again with water, in terms of the 50% target reduction in fresh water withdraws by 2030, is it possible to get to that target with the only the Collahuasi desalination and further efficiencies, or do you need to take more structural depths to get to that 50% reduction?

Mark Cutifani: Let me go to Los Bronces versus Collahuasi. Firstly, in Los Bronces, we have more access to other water sources that we think is appropriate to work as hard as we can to pick up those water sources first. They are the most cost-effective but also the most constructive from an environmental point of view as well. I'm not saying desal is not environmentally friendly, but I'm saying that these are things that we should do first anyway. And then the desal option will come after we've made sure we've got all of those options covered, which includes recycled.

We don't have those types of options available to us at Collahuasi. It's simply about what are the right things to do by that location, whereas Collahuasi desalination is the most obvious and most effective source to go for, albeit we'd still want to improve our efficiencies as well and looking at new technologies there.

We're also looking at some of the definitional issues across the organisation in terms of abstraction of fresh water, but there's still a bit more work to be done. And again, we'll update next year on our progress. We're well on the way but not quite there. Still some more work to be done and whether it means the implementation of the dry tailings work -. That's going to be important and that goes with course particle floatation, because when you increase the drive size, that allows us then to look at tailings very differently and that gives us better recirculating. We won't have all of our operations with dry tailings by 2030, so the question is what can you get done by 2030? What might take a little bit more and what are the technologies can you kick in place to get yourself there by 2030. That's the problem we're solving for right now.

[END OF TRANSCRIPT]