

# Sustainability-linked financing framework

September 2022





# Re-imagining mining to improve people's lives

## Transforming the very nature of mining for a safer, smarter, more sustainable future.

Anglo American is a leading global mining company, with a world class portfolio of mining and processing operations and undeveloped resources, with more than 106,000 people working for us around the world in 15 countries<sup>(1)</sup>. We provide many of the essential metals and minerals that are fundamental to the transition to a low carbon economy and enabling a cleaner, greener, more sustainable world, as well as meeting the growing consumer-driven demands of the world's developed and maturing economies.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, premium quality iron ore and steelmaking coal, and nickel – with crop nutrients in development – we are committed to being carbon neutral for Scope 1 and 2 emissions across our operations by 2040<sup>(2)</sup>. We work together with our business partners and diverse stakeholders to unlock sustainable value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders.

Cover image

In Brazil (featured), we are partnering with wind-energy specialist Casa Dos Ventos in building the Rio Do Vento wind farm. Our operations in South America are largely powered by renewable power today, with Quellaveco in Peru the process of transitioning to 100% by 2023.

See page 16 for footnotes.

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### Our reporting suite

You can find our full suite of reports, including the Integrated Annual Report, the Climate Change Report, the Tax and Economic Contribution Report, and the Ore Reserves and Mineral Resources Report, on our corporate website.

→ For more information, visit: [angloamerican.com/reporting](https://angloamerican.com/reporting)



### FutureSmart Mining™

In order to help us live up to our Purpose, we are changing the way we mine through smart innovation across technology, digitalisation and sustainability.

→ For more information, visit: [angloamerican.com/futuresmart](https://angloamerican.com/futuresmart)



### Social channels

- AngloAmerican
- @angloamerican
- Anglo American
- angloamerican
- angloamericanplc



Mining has a safer, smarter and more sustainable future. By using more precise technologies, less energy and less water, we aim to reduce our environmental footprint. We are combining smart innovation with consideration for our people, their families, local communities, our customers, and the world at large to better connect precious resources in the ground to all of us who need and value them.

▲ In South Africa, Platinum Group Metals field manager Judah Mojalefa takes a water sample in the Der Brochen area of the Mototolo/Der Brochen life extension project.



# Purpose to value

## Our Purpose

### Re-imagining mining to improve people's lives

Transforming the very nature of mining for a safer, smarter, more sustainable future.

#### Our Values

Anglo American's Values and behaviours are at the heart of everything we do. Guided by our Purpose and our Values, we enable high performance and purposeful action. Our Values and the way in which we, as individuals, are expected to behave are the foundation of our Code of Conduct.



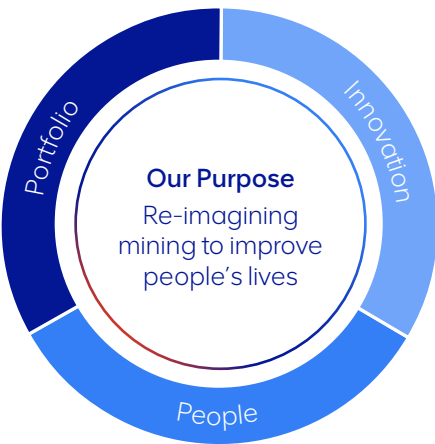
## Our strategy

Guided by our Purpose, our strategy is to secure, develop and operate a portfolio of high quality and long life mineral assets, to deliver sustainable value for all our stakeholders and leading shareholder returns. We achieve this through innovative practices and technologies – in the hands of our world class people.

#### Capital allocation

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation.

→ For more on capital allocation  
See pages 58–59 of the Integrated Annual Report 2021



#### Measuring delivery of our strategy

We track our strategic progress holistically – spanning non-financial and financial performance – and throughout the year, using KPIs that are based on our seven pillars of value:

- Safety and health**  
To do no harm to our workforce
- Environment**  
To minimise our impact on the environment
- Socio-political**  
To partner in the benefits of mining with local communities and government
- People**  
To create a sustainable competitive advantage through capable people and an effective, purpose-led, high performance culture
- Production**  
To sustainably produce valuable product
- Cost**  
To be competitive by operating as efficiently as possible
- Financial**  
To deliver sustainable returns to our shareholders

## Delivering sustainable value for all our stakeholders

We are working together to develop better jobs, better education and better businesses, building brighter and healthier futures around our operations in our host countries and ultimately for billions of people who depend on our products every day.

→ See pages 12–13 of the Integrated Annual Report 2021

→ To download our 2021 Tax and Economic Contribution Report  
Visit [angloamerican.com/tec-report-2021](https://angloamerican.com/tec-report-2021)

#### Balanced reward

Anglo American's directors' remuneration policy is designed to encourage delivery of the Group's strategy and creation of stakeholder value in a responsible and sustainable manner, aligned to our Purpose.

- Employees
- Host countries
- Suppliers
- Communities
- Customers
- Investors
- Natural environment

The main elements of the remuneration package are basic salary, annual bonus and Long Term Incentive Plan (LTIP).

→ For more on remuneration  
See pages 135–161 of the Integrated Annual Report 2021



## Portfolio

The quality and long life of our mineral assets are the foundations of our global business.

We actively manage our asset portfolio to improve its overall competitive position, providing products that support a fast growing population and a cleaner, greener, more sustainable world.

→ For more on Portfolio  
See pages 22–29 of the Integrated Annual Report 2021



## Innovation

Across every aspect of our business, we are thinking innovatively about how we work to ensure the safety of our people, enhance our sustainability performance, and deliver industry-leading margins and returns. We are developing a replicable model of differentiated practices and capabilities that is designed to deliver superior value to all our stakeholders from assets that are in our hands.

→ For more on Innovation  
See pages 30–49 of the Integrated Annual Report 2021



## People

Our people are critical to all that we do: we create working environments and an inclusive and diverse culture that encourages and supports high performance and innovative thinking. The partnerships we build, both within Anglo American and with our stakeholders – locally and globally – are central to maintaining our regulatory and social licences to operate and our sustained commercial success.

→ For more on People  
See pages 50–57 of the Integrated Annual Report 2021

# Our approach to sustainability

A sustainable business is purposeful, competitive, resilient and agile. It is a business that thrives throughout economic and social cycles. Environmental, social, governance and commercial issues are connected; they are part of a complex dynamic system that is constantly evolving.

At Anglo American, our work has evolved to match this complexity. We aim to integrate sustainability considerations into how we work and to ensure they are central to our decision making as we strive to understand the full impact of each decision we take. For example, sustainability-related targets such as water management, GHG emissions, management of tailings storage facilities and social responsibility are performance conditions applicable to awards granted to executive directors and senior management.

The Sustainability Committee of the Board holds accountability for overseeing how Anglo American manages its most material sustainability issues.

→ [For further details of the committee and the topics covered by the committee](#)  
[See our Sustainability Report 2021](#)

FutureSmart Mining™, our innovation-led pathway to sustainable mining, is fundamentally changing the way we extract, process and market metals and minerals, providing our next step-change in operating and financial performance.

Our Sustainable Mining Plan is integral to FutureSmart Mining™, and aimed at tackling the most pressing environmental, social and governance challenges, while positively transforming how our employees and stakeholders experience our business, both locally and globally.

## Our Strategy



Guided by our Purpose, our strategy is to secure, develop and operate a portfolio of high quality, long life mineral assets. We then apply innovative practices and technologies in the hands of our world class people to deliver sustainable value for all our stakeholders.

### Portfolio

The quality and long life of our mineral assets are the foundations of our global business. We actively manage our asset portfolio to improve its overall competitive position, providing products that increasingly support a fast-growing population and a cleaner, greener, more sustainable world.

### Innovation

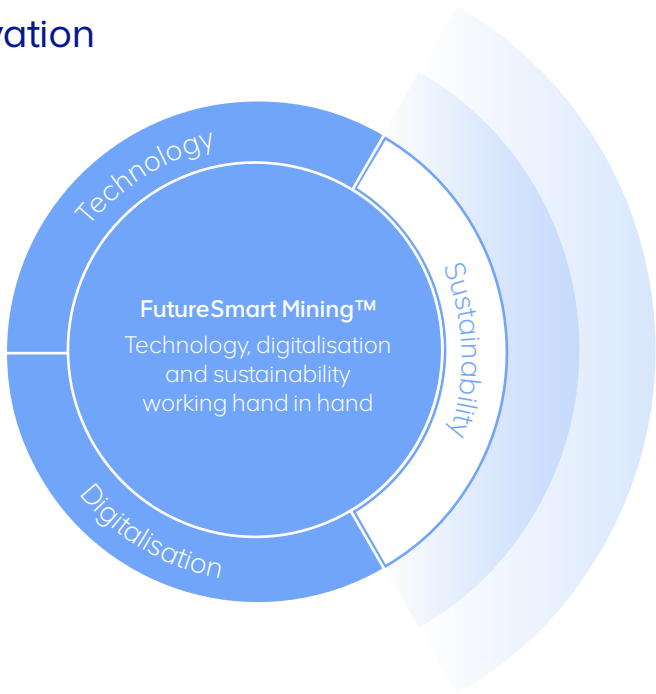
Across every aspect of our business, we are thinking innovatively about how we work to ensure the safety of our people, enhance our sustainability performance, and deliver industry-leading margins and returns. We are developing a replicable model of differentiated practices and capabilities that is designed to deliver superior value to all our stakeholders from assets that are in our hands.

### People

Our people are critical to all that we do: we create working environments and an inclusive and diverse culture that encourages and supports high performance and innovative thinking. The partnerships we build, both within Anglo American and with our stakeholders – locally and globally – are central to maintaining our regulatory and social licences to operate and our sustained commercial success.

→ [For more information](#)  
[See pages 22–57 of the Integrated Annual Report 2021](#)

## Innovation



Across every aspect of our business, from mineral exploration to delivering our products to our customers, we are thinking innovatively to ensure the safety of our people, to enhance the sustainability of our business, and to deliver enduring value in its many forms for all our stakeholders.

The combination of our innovative Marketing business, best-in-class operational improvements provided by the stable platform of our Operating Model and through our P101 programme, and FutureSmart Mining™ – our innovation-led pathway to sustainable mining – is fundamentally changing the way we extract, process and market metals and minerals, providing our next step-change in operating and financial performance.

### Operating Model

Our Operating Model is the foundation to support us by providing structure, stability and predictability in the way we plan and execute every task.

### P101

P101 is our transformational asset productivity programme that builds on the stability of the Operating Model.

### Marketing

Our Marketing business optimises the value from our mineral resources, including by demonstrating the high sustainability standards to which we are committed.

### FutureSmart Mining™

Our innovation-led pathway to sustainable mining that is fundamentally changing how we mine, process, move and market our products to drive positive sustainability outcomes.

→ [For more information](#)  
[See pages 30–49 of the Integrated Annual Report 2021](#)

## Sustainability



Our Sustainable Mining Plan, launched in 2018 and integral to our FutureSmart Mining™ programme, is built around three major areas or Global Sustainability Pillars, which are designed to support the UN's Sustainable Development Goals (SDGs).

Under each of the Global Sustainability Pillars we have a set of stretch goals. These Global Stretch Goals are deliberately ambitious and designed to challenge us to lead and innovate.

### Healthy Environment

Maintaining a healthy environment that uses less water and delivers net-positive biodiversity outcomes, ultimately moving us closer to our vision of carbon neutral mining.

### Thriving Communities

Building thriving communities with better health, education and levels of employment.

### Trusted Corporate Leader

Developing trust as a corporate leader, providing ethical value chains, policy advocacy and improved accountability.


→ [For more information on our Sustainable Mining Plan](#)  
[See page 10](#)



# Sustainable Mining Plan

Our Sustainable Mining Plan, integral to FutureSmart Mining™, is built around three Global Sustainability Pillars and sets out our commitment to stretching goals – driving sustainability outcomes through technology, digitilisation and our innovative approach to sustainable economic development.

Environment

 **Healthy Environment**

Maintain a healthy environment by creating water-less, carbon neutral operations and delivering positive biodiversity outcomes.

**Climate change**  
To be carbon neutral across our operations.  
2030: Reduce absolute GHG emissions (Scopes 1 and 2) by 30%. Improve energy efficiency by 30%. Be carbon neutral across eight of our sites.  
2040: Be carbon neutral across all of our operations.  
2040: Ambition to reduce Scope 3 emissions by 50%.

**Biodiversity**  
To deliver net positive impact (NPI) across Anglo American.  
2021: NPI methodology, biodiversity value assessments and site-specific indicators in place at high risk environments. Establish biodiversity frameworks, processes and resources to enable mitigation across the mining lifecycle. Formalise partnerships to support NPI.  
2030: Deliver NPI on biodiversity across Anglo American.

**Water**  
To operate water-less mines in water scarce catchments.  
2030: Reduce the withdrawal of fresh water by 50% in water scarce areas.

Social

 **Thriving Communities**

Build thriving communities with better health, education and levels of employment.

**Health and well-being\***  
Relevant SDG targets for health to be achieved in our host communities.  
2022: Baseline established and strategies in place at every site to achieve the SDG 3 health targets.  
2025: Operations to be halfway to closing the gap between baselines and 2030 targets.  
2030: SDG 3 targets for health to be achieved in our host communities.

**Education**  
All children in host communities to have access to excellent education and training.  
2021: Baselines and strategies in place at every site.  
2025: Schools in host communities to perform within the top 30% of state schools nationally.  
2030: Schools in host communities to perform within the top 20% of state schools nationally.

**Livelihoods**  
Shared, sustainable prosperity in our host communities.  
2021: Baselines and strategies in place at every site.  
2025: Three jobs created/supported off site for every job on site.  
2030: Five jobs created/supported off site for every job on site.

Governance

 **Trusted Corporate Leader**


Develop trust, provide ethical value chains and improve accountability to the communities we work with.

**Local accountability\***  
Transform the relationship between mines, communities and wider society.  
2022: Establish accountability forums at all mine sites.  
2025: High quality dialogue and programmes resulting from forums.  
2030: Establish open and accountable dialogue, leading to greater mutual trust.

**National and international accountability\***  
Transform the relationship between mines, communities and wider society.  
2022: Governments and civil society agree to participate in stakeholder accountability forums, and agree benchmarks/indices and responsibilities.  
2025: Continued dialogue on reporting and responsibilities.  
2030: Recognition of benefits and challenges of responsible mining; a more consensual working relationship between Anglo American and society.

**Policy advocacy**  
Collaboratively take a lead on issues that affect our business and society's wider goals.  
2021: Finalise advocacy plans to support key sustainability issues. Provide university scholarships in good governance for stakeholders in regions where we operate.  
2025: Regular involvement in priority policy and governance debates.  
2030: Recognition of our leadership on policy advocacy. Strong levels of engagement in policy debates.

**Ethical value chains\***  
Support and reinforce positive human rights and sustainability outcomes through our value chain.  
  
Mine certification and responsible sourcing  
2022: Half of operations to undergo third-party audits against responsible mine certification systems. Responsible sourcing standard fully implemented.  
2025: All operations to undergo third-party audits against responsible mine certification systems.

 **Critical foundations**  
These form the common and minimum requirements for each of our operations and our business as a whole. The Critical Foundations are essential to the long term credibility and success of both the Sustainable Mining Plan and our social licence to operate.

**Leadership and culture**  
We are a leader in an industry critical to all our futures – our products are changing the world. We foster a culture combining technological innovation with utmost consideration for our employees and everyone we interact with.  
  
**Zero harm**  
Zero harm is always our primary objective. We are getting there through creating an environment where every employee feels confident enough to do the right thing by speaking out each time they encounter a situation they feel is potentially unsafe.

**Human rights**  
We respect the UN and other international agreements recognising human rights. We work with governments at all levels and other authorities to ensure human rights are understood and protected as we strive to improve lives and livelihoods in our host communities.  
  
**Inclusion and diversity**  
This is a business-critical issue for us. We believe we must draw from the widest possible talent pool, and especially ensure continuing higher female representation at all levels, if we are to enhance our performance and maintain a competitive advantage.

**Group standards and processes**  
Our Group standards and processes include our Code of Conduct, Human Rights policy and underlying standards, and Responsible Sourcing Standards for Suppliers, which are aligned with global initiatives such as the UN's SDGs and the Kimberley Process for diamonds.  
  
**Compliance with legal requirements**  
Meeting applicable legal requirements is an essential part of our business globally and is critical to building trust in all of our stakeholders.

\*Due to the ongoing effects of the Covid-19 pandemic, the Board's Sustainability Committee agreed to extend the targets from 2021 to 2022.

## Collaborative Regional Development

Our innovative partnership model to catalyse independent, scalable and sustainable economic development in regions around our operations – the objective being to improve lives by creating truly thriving communities that endure and prosper well beyond the life of the mine.

-  **Regional Spatial Analysis**  
This innovative approach starts by identifying socio-economic development opportunities with the greatest potential in a region via spatial planning and analysis.
-  **Planning and implementation in partnership**  
The information from the regional spatial analyses enables us to develop plans, secure funding and implement sustainable development opportunities.

## Five-year site plans

We have tailored five-year local plans for each of our sites and Group functions to address the unique challenges across our operations. Each one is developed to support our Global Sustainability Pillars and stretch goals as well as our critical foundations and Collaborative Regional Development.

## Sustainable Development Goals

Our Sustainable Mining Plan is built around three Global Sustainability Pillars designed to support the UN's Sustainable Development Goals (SDGs). Each pillar has three Stretch Goals that we must reach by 2030 and further goals and ambitions that we will add to these as we progress. They are deliberately ambitious and designed to challenge us to lead and innovate.

### Healthy Environment



### Thriving Communities



### Trusted Corporate Leader



# Our framework

While our approach to sustainability is broad and holistic, and our Sustainable Mining Plan sets out our commitment to a set of wide-ranging goals, our Framework focuses on three of these areas that are of common material interest to our stakeholders and our business – tackling climate change, protecting our natural environment (specifically water), and playing our role in society – representing three of the seven ‘material matters’ set out in our 2021 Integrated Annual Report.

These three material matters are also considered ‘principal risks’ of the Group (climate change, water, and community and social relations). We recognise that there are other sustainability material matters that are of interest to both our stakeholders and to our business, and that the focus areas may evolve over time; however, these three have stood out during fixed income investor engagements, and the Group has related goals in our Sustainable Mining Plan that are suitable for the establishment of the Framework.

→ For a full list of these matters and how they impact our stakeholders See pages 16–17 of the Integrated Annual Report 2021

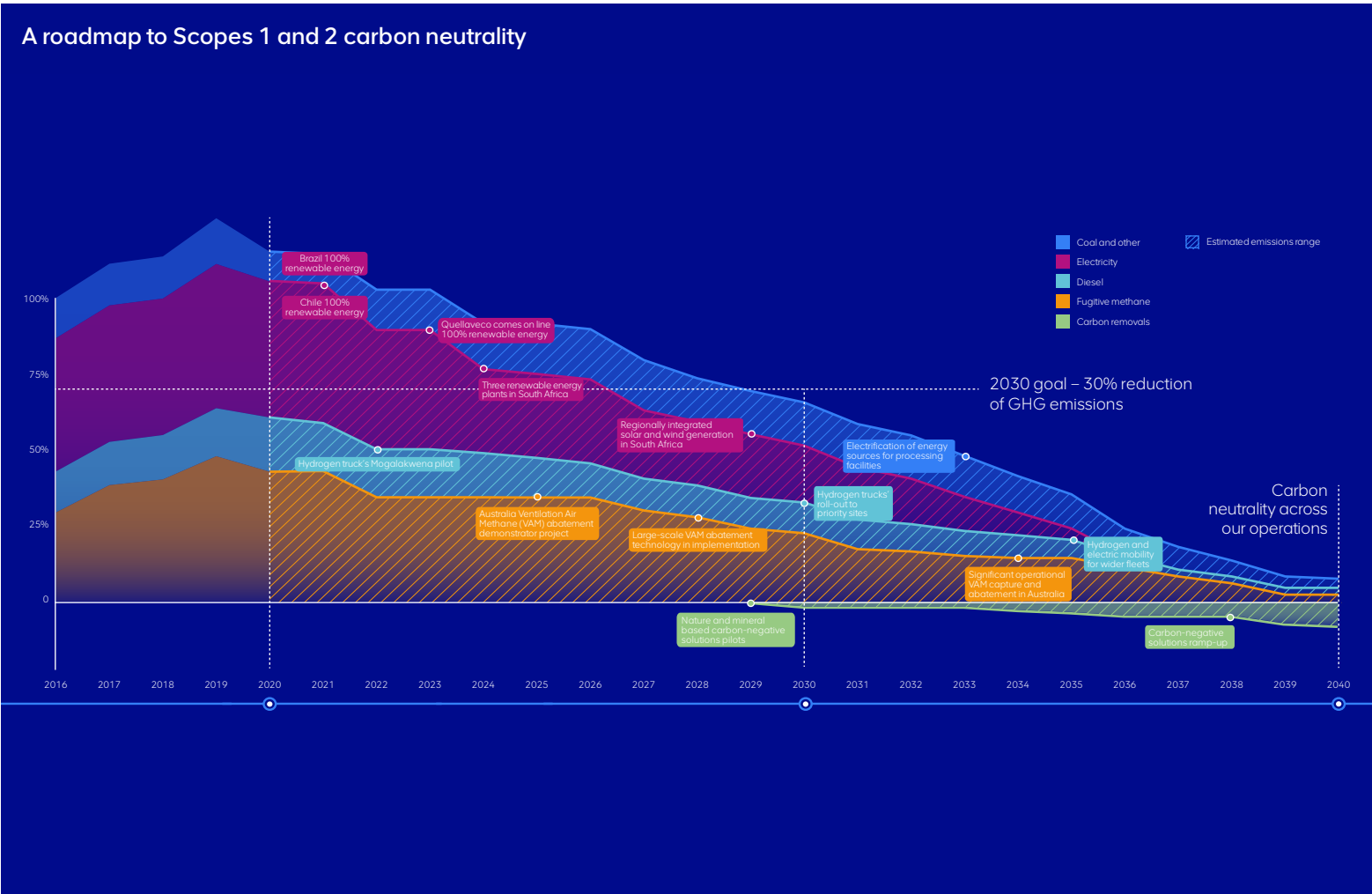
## Tackling climate change

### Scopes 1 and 2

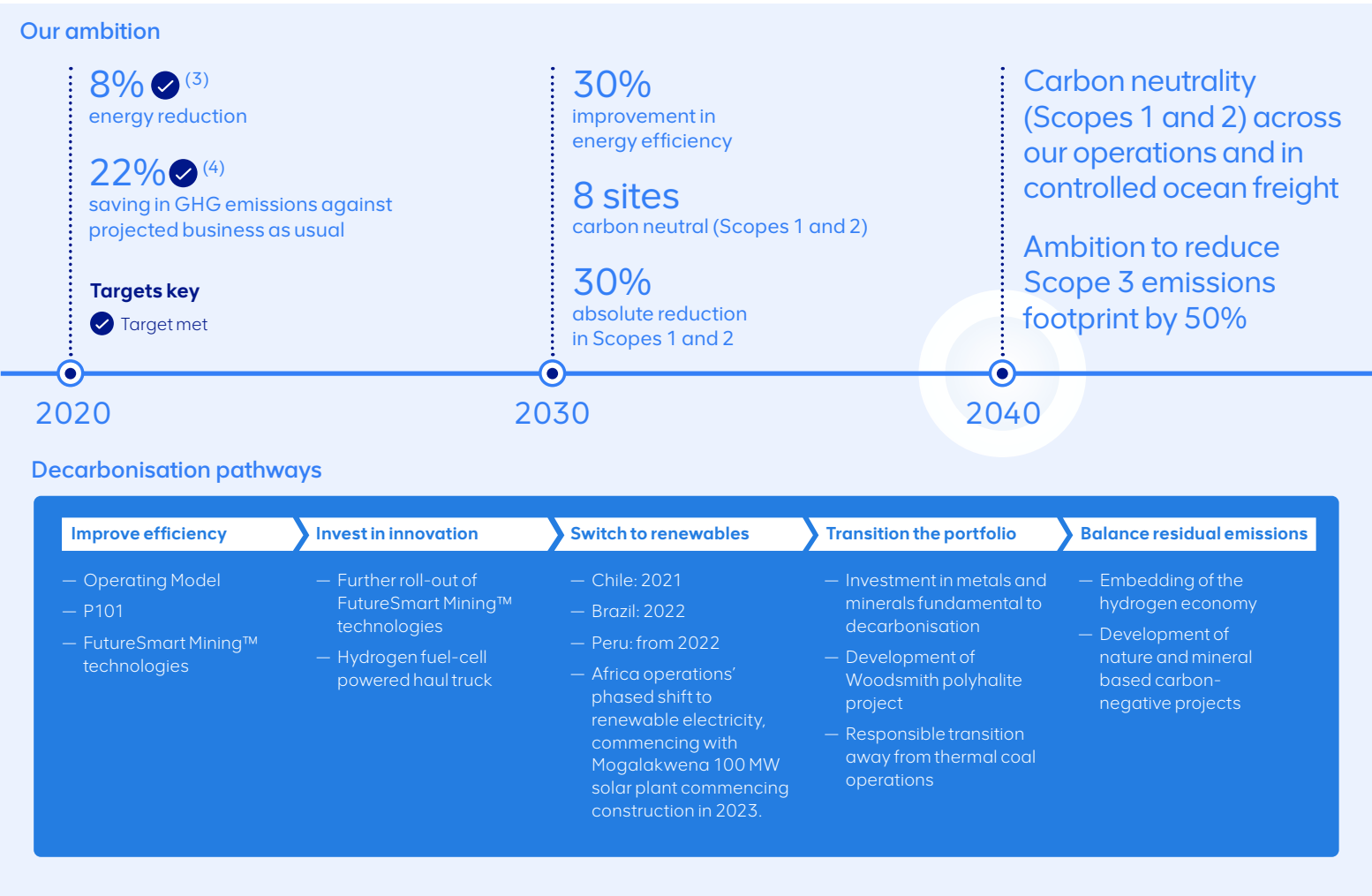
Our approach is based on five key policy principles:

- Driving energy and carbon savings throughout our business
- Building internal agility and ensuring resilience to climate change
- Understanding and responding to the carbon lifecycle risks and opportunities of our products
- Developing and implementing collaborative solutions with our stakeholders
- Contributing our skills and knowledge to the development of responsible public policy.

We have identified clear abatement pathways to achieve our target of becoming Scopes 1 and 2 carbon-neutral at our operations by 2040. Through the use of FutureSmart Mining™ technologies we aim to substantially improve our energy efficiency and significantly increase the role of renewables in our energy mix. We are investigating nature and mineral based carbon-negative solutions on land we manage, and in our value chain, to sequester carbon from the atmosphere. Carbon offsets may be used towards the end of the carbon neutrality pathway for hard to abate processes, although we anticipate that our use of offsets will be limited. More details on these abatement pathways can be seen in Sustainability Performance Target (SPT) 1 on page 13.



See page 16 for footnotes.





# Our framework continued

### Scope 3

Anglo American undertook its first detailed Group-wide Scope 3 emissions assessment in 2019 and, in 2021, undertook a Group-wide Scope 3 emissions inventory on 2020 data. Recognising growing stakeholder interest and a lack of consistency in how Scope 3 is assessed across companies, industries and geographies, we published the full methodology we used at that time.

Since then, as the thinking on value chain emissions has matured, so we have continued to develop our knowledge and understanding of Scope 3. Building on our preliminary methodology, we have identified the areas in which we could be more specific in our assessment of our emissions, reducing, where practical, double counting and reflecting the contribution that our specific activities make to Scope 3 emissions.

Throughout the process we engaged our key stakeholders and worked with the Carbon Trust to test our thinking and align on a methodology which we believe provides us with the most complete, transparent, and granular assessment of our Scope 3 emissions. Our approach to Scope 3 is necessarily different from those emissions where we have direct control (Scopes 1 and 2). The work completed in recent years has helped us to understand more fully our own Scope 3 inventory and the levers that we can pull to influence the reduction of those emissions, allowing us to have confidence in the basis on which we are setting our 2040 ambition.

→ [For more on our Scope 3 methodology](#)  
Visit [www.angloamerican.com/~media/Files/A/Anglo-American-Group/PLC/sustainability/approach-and-policies/environment/scope-3-external-short-methodology-report.pdf](http://www.angloamerican.com/~media/Files/A/Anglo-American-Group/PLC/sustainability/approach-and-policies/environment/scope-3-external-short-methodology-report.pdf)

Of the 15 categories of Scope 3 emissions defined by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) GHG Protocol, the majority of our Scope 3 emissions sit in categories 10 and 11: the processing and use of our products. More specifically, they relate mostly to our iron ore and steelmaking coal sales into the steel value chain. This means our ability to significantly reduce our Scope 3 emissions is not always within our control and is dependent both on steelmakers setting and delivering on a clear decarbonisation pathway, and the existence of a consistent and supportive global policy environment. However, we have an ambition to reduce our Scope 3 emissions by 50% by 2040 from a 2020 baseline. Achieving this reduction will mean going beyond how we market our products and commercialise our solutions. It will also be dependent on our success in collaborating effectively with customers, other industry participants and industry bodies to actively channel society’s increasing demand for essential metals and minerals into more transparent, ethical and sustainable value chains. If the decarbonisation of the steel sector accelerates, in part because of the partnerships we are building, this will allow us to go further.

Our initial focus is on the categories which make up the majority of our Scope 3 emissions. Given the importance of the steel sector in our value chain, understanding the likely pace of decarbonisation of that sector is key. 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 the profile of production at our assets 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 are making important progress in evaluating and progressing opportunities to drive change, supporting the world’s economic development while taking steps towards decarbonisation across our operations, our value chains and the industrial sectors in which we participate more broadly.

### Research and development

We screen, select and fund opportunities, as well as bridge the gap between R&D and product commercialisation, facilitating future investment.

### Venturing

We are pursuing new projects that have the potential to be transformed into commercially viable technologies and businesses, in areas that will impact positively on our Scope 3 emissions, investing in innovation that addresses today’s global challenges.

### Collaboration

We partner with customers and industry peers across programmes intended to reduce our Scope 3 emissions, and influence and fund industry bodies, providing the opportunity for us to shape decarbonisation strategies.

### Advocacy

Through our participation in key groups, we continue to expand on our geographic and issue-based policy advocacy, initiating and facilitating industry collaboration, influencing legal and regulatory frameworks, and informing and shaping debate around key areas of interest.

### Education and awareness

Strategic and targeted communications programmes are key in shaping both regulatory and industry perception around decarbonising commodity value chains, and the industrial sectors that depend on our products, helping to build support for the adoption of specific technology.

### TCFD reporting

Our reporting on climate-related risks is consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and is set out in our Sustainability Report 2021.

→ [For more on our disclosures related to the recommendations of the TCFD](#)  
See pages 30–31 of the Sustainability Report 2021



▲ Our steelmaking coal business in Australia has invested significantly in methane capture infrastructure, fuelling power stations that generate enough electricity to power 90,000 Queensland homes every year, and reduce our emissions by about 5 million tonnes of CO<sub>2</sub> equivalent per annum.



# Our framework continued

## Water

Water stewardship is an integral part of our business. Around the world, we operate in water stressed and water scarce areas and these are particularly affected by climate change.

Our exposure to water risk can be classified into three areas: physical, reputational and regulatory. At our operations, we aim to mitigate the potential impact of water-related risks on our business:

- Ensuring we have sufficient water to maintain operations
- Preventing inefficient use of water
- Preventing and/or mitigating flooding
- Preventing ground and surface water pollution from spills and seepage
- Optimising mine dewatering to prevent slope failure due to inefficient depressurisation.

Our approach to water management is set out in our Water management policy and standard, which is aligned with our Social Way, which recognises that access to water is a priority for our stakeholders. The standard aims to incorporate water issues into the lifecycle of any project, from site selection and early studies, through design to operation, closure and post-closure.

The standard also aims to incorporate leading water management practices, risk prevention, best mining practices and industry lessons. It defines the minimum requirements to aim to ensure sustainable water management at all Anglo American operations, consistent with our Values, the Sustainable Mining Plan, and Social Way.

We recognise access to water as a fundamental human right and analyse our physical environment and social and regulatory context on an annual basis to ensure that our water stewardship efforts remain focused on shared water challenges.

## Playing our role in society

By employing people, paying and collecting taxes and spending money with suppliers, we make a significant positive contribution to both our host communities and their regional and national economies. Most of these are in developing countries. Thanks to the multiplier effect, our total economic contribution extends far beyond the direct value we add.

We champion economic development that is inclusive and delivered in partnership with local stakeholders. Our approach to Collaborative Regional Development (CRD) is designed to foster the socio-economic development of our host communities. The focus of CRD extends beyond the areas immediately around our mines to the wider society in which our operations are located and where we live and work. Our CRD initiatives are designed to provide long term job opportunities in communities independent of our mines, so they can prosper when an operation reaches the end of its lifecycle. We work with our partners (including governments, communities, other private sector companies, academia, financial development institutions and NGOs) to develop diverse new businesses to fuel these opportunities. We also invest in healthcare, education and institutional capacity development, essential for communities to be able to embrace new opportunities.

Our approach is supported through the implementation of our social performance management system, the Social Way, which represents a comprehensive and innovative approach to how we interact with our host communities that prioritises respect and mutual benefit for all stakeholders. The Social Way provides a social performance management framework for all Anglo American-managed sites, at all phases of development.

## Examples of current socio-economic development programmes

Country	Name of the programme	Partners
Brazil	Crescer	Crescer, which means ‘to grow’ in Portuguese, is our enterprise development programme in Brazil. Working with TechnoServe, we are focused on supporting entrepreneurs in the areas around our Minas-Rio iron ore and Barro Alto nickel operations.
Chile	Emerge	In partnership with Fondo Esperanza and TechnoServe, we have supported more than 50,000 entrepreneurs and small to medium-sized businesses (SMEs).
Peru	Emerge	The scheme focuses on supporting businesses in the Moquegua region in the south of Peru.
Botswana	Tokafala	In partnership with the Botswana government, De Beers and Debswana, we set up this programme to support up to 5,600 jobs and foster the growth of up to 1,000 SME businesses. The partnership aims to help Botswana leverage the power of the mining sector to diversify its economy.
South Africa	Zimele	Our longest-established scheme, having been founded more than 30 years ago. Delivered in partnership with TechnoServe, ABSA and other partners. We have now funded over 1,885 businesses which employ in excess of 38,000 people.
Zimbabwe	Takura	IFAD; Ministry of Lands; Agriculture & Rural Resettlement; TechnoServe; UK Trade Partnerships Programme (UKTR); ZIMTRADE.

See page 16 for footnotes.



# Rationale for establishing a sustainability-linked financing framework

There is growing awareness of the centrality of mining to enabling the energy transition, and the importance of the contribution we can make to delivering a more sustainable future. Recognising that many of the metals and minerals we produce are critical to the technologies required to decarbonise the world’s energy and transport systems, our commitment to being part of the solution to climate change begins in our own business by meeting our emissions reduction and carbon neutrality goals, while supporting our communities in terms of skills, jobs and helping catalyse new economic activity.



▲ Guided by our recently updated Mining Closure Toolbox, employees at our Dawson steelmaking coal mine in Australia are participating in our Growing Together initiative, which will see more than 9,000 trees planted as we continue to rehabilitate land at the former mining site.

That is why we have decided to put in place this Framework, with the aim to further emphasise our commitments to sustainability, and meaningfully link certain of our funding requirements to the sustainability objectives we have set for our business.

The Framework covers bonds, loans and other financing instruments entered into or issued after the date of this Framework which are linked to one or more of our Sustainability Performance Targets (SPTs).

**Alignment with the ICMA Sustainability-Linked Bond and the LMA Sustainability-Linked Loan Principles**

The Framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) 2020 administered by ICMA<sup>(5)</sup> and the Sustainability-Linked Loan Principles (SLLP) 2022 administered by the LMA<sup>(6)</sup>. These are voluntary guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote the development and preserve the integrity of the sustainability-linked bond and loan markets.

- This Framework has 5 core components:
- Selection of Key Performance Indicators (KPIs)
  - Calibration of SPTs
  - Financial characteristics
  - Reporting
  - Verification



▲ At Kolomela iron ore mine in South Africa, technician Moses Murefu inspects the berm-monitoring system, which monitors any movement or height deficiencies in the berms, and is partially powered by solar power.

See page 16 for footnotes.



# Anglo American’s sustainability-linked financing framework

## Selection of key performance indicators (KPIs)

We have selected the following three KPIs, which are core, relevant, and material to our business and measure the sustainability improvements of the Group<sup>(7)</sup>.



▲ Renewable energy sources such as wind farms and solar power will play an important role in reducing our emissions.



▲ At our Los Bronces copper mine in Chile, we have built a pilot solar photovoltaic (PV) plant incorporating 256 solar panels that has been constructed over a tailings pond – the first plant of its kind in the world. The project will help in reducing the mine’s CO<sub>2</sub> emissions.

### KPI 1: Absolute Greenhouse Gas Emissions (Scopes 1 and 2, in Mt CO<sub>2</sub>e)

#### Definition and scope

Reduction in Scope 1 and Scope 2 greenhouse gas (GHG) emissions for managed operations of the Group (in Mt CO<sub>2</sub>e).

Our Scope 1 emissions are those released to the atmosphere as a direct result of our managed operations’ global activities. They include GHG emissions from fossil fuels, coal seam gas fugitive emissions, renewable fuels and operational processes. Process emissions include those associated with onsite and managed sewerage facilities, on site water-treatment facilities, the use of carbonates in acid leaching processes at copper-processing facilities, and fugitive emissions during the production of phosphates.

Scope 2 emissions are indirect GHG emissions from the generation of purchased energy for our managed operations.

In line with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) GHG Protocol’s ‘management control’ boundary, 100% of the direct and indirect emissions for managed operations are accounted for, while emissions for non-managed joint ventures and other investments are not included.

#### Rationale and materiality

Reducing our own carbon footprint is vital if we are to mitigate and adapt to the impact of climate change and transition to a low carbon future.

As at December 2020, Scope 1 and 2 emissions represented 12% of our total carbon footprint (based on latest Scope 3 data of 114.8 MtCO<sub>2</sub>e from 2020).

#### Methodology

To understand and quantify GHG emissions, we follow the methodology set out in the GHG Protocol (Corporate Standard).

GHG emissions are calculated through fossil fuel consumption (e.g. litres of diesel), MWh of electricity purchased, and direct measurements, combined with emissions factors published by regulatory and relevant bodies such as the Intergovernmental Panel on Climate Change (IPCC).

#### Baseline

2016 (adjusted as at 31 December 2021 for corporate actions – see historical performance section for details).

Scope 1: 7.52 Mt CO<sub>2</sub>e

Scope 2: 5.89 Mt CO<sub>2</sub>e

Combined Scopes 1 and 2: 13.41 Mt CO<sub>2</sub>e.

A 30% reduction equates to a GHG emissions reduction of 4.02 Mt CO<sub>2</sub> to 9.39 Mt CO<sub>2</sub>.

2016 was selected as the baseline for the GHG emissions targets, as when set as part of our Sustainable Mining Plan in 2018, 2016 was the most recent closed GHG reporting year. However, at the time, the Group forecasted that emissions would increase from 2016 with the ramp-up of Steelmaking Coal and other Group operations, making our Scopes 1 and 2 GHG reduction target more ambitious.

#### Historical performance

	2021	2020	2019	2018	2017	Baseline 2016	2015	2014	2013
Scope 1	8.89	9.72	10.5	9.22	8.74	7.52	6.95	5.90	5.27
Scope 2	5.57	5.66	6.34	5.96	6.08	5.89	6.05	5.79	5.97
Total	14.46	15.38	16.84	15.18	14.82	13.41	13.00	11.69	11.24

Mt CO<sub>2</sub>e (adjusted as at 31 December 2021 for historical corporate actions)<sup>(8)</sup>.

IBIS ESG Consulting Africa performed the assurance for the above adjusted data and historical reported data. See pages 71-72 of the Assurance Statement in the Anglo American Sustainability Report 2021.

#### UN SDGs



KPI 1 contributes to UN SDG 13 – Climate Action

#### Environmental objectives referenced in the EU Taxonomy Regulation

KPI 1 contributes to the EU environmental objective of Climate Change Mitigation.

See page 16 for footnotes.



# Selection of key performance indicators (KPIs) continued



▲ The majority of our mining operations are in water stressed areas, where a reliable source of clean water is absolutely vital for our host communities, and we continue to take steps to improve our water stewardship as we work to meet the water goals of our Sustainable Mining Plan.

## KPI 2: Fresh water abstraction in water scarce areas

### Definition and scope

Reduction of fresh water abstraction in water scarce areas.

The KPI defines water scarce areas as locations classified by the Water Resource Institute (WRI) as having medium-high baseline water stress (20–40%) and/or medium-high weighted aggregate quantity risk for mining (2–3) or above<sup>(9)</sup>.

For the purpose of this KPI, ‘fresh water’ is defined as ‘naturally occurring water that meets the criteria Water Accounting Framework (WAF) Category 1 Water excluding precipitation and run-off which reasonably cannot effectively be prevented from entry into our operational processes’.<sup>(10)</sup> Other water sources not included in this KPI include treated sewage effluent and mine-affected water from adjacent operations; i.e., water sources of a lower quality.

The KPI applies to Anglo American managed operations in water scarce areas (as categorised in 2018) that were owned by the Group as at 1 January 2018, but excluding assets that have since been or after the date hereof are divested (e.g. Thermal Coal South Africa), closed or placed on care and maintenance, and further excluding projects which had not entered into operation as at 1 January 2018 (e.g. Quellaveco in Peru).

All our managed operations in South Africa, Zimbabwe, Chile and Australia are in water scarce areas – these accounted for 19 out of our active 23 managed operations; i.e., 83% of all managed operations, and over 70% of all fresh water abstraction at active managed sites, as at 2015 (the baseline year).

See page 16 for footnotes.

### Rationale and materiality

Mining has always been heavily dependent on water. Without water, the extraction of copper, platinum group metals, diamonds and other valuable products would be impossible. However, fresh water resources are becoming increasingly stressed, with a predicted global shortfall of 40% by 2030. The shortage of fresh water represents one of the greatest global societal and economic risks over the next decade<sup>(11)</sup>.

In 2021, 38% of our total water withdrawals were fresh water, and of this, 60% was in water scarce areas. Our top three fresh water withdrawals in water scarce countries are, in descending order, Los Bronces in Chile, and Sishen and Amandelbult in South Africa. These three sites generated 50% of all fresh water withdrawals in water scarce areas in 2021.

Reducing our dependence on fresh water is a priority for our business from both an environmental and community relations perspective, as well to ensure water security for operations.

By reducing fresh water withdrawals, we can liberate these critical resources for drinking, irrigation, hygiene and sanitation, which are fundamental for creating and maintaining thriving communities. We can also contribute towards achieving our commitment to net positive impact (NPI) for biodiversity.

In addition, many of our fresh water sources are subject to increased climatological variability (both surface supplies and groundwater), resulting in potential water-security risks to production at many of our sites.

### Methodology

We monitor and report water data using measurement devices at all sites, and use site wide water balance models to consolidate all water withdrawals, consumption, and discharges in compliance with International Council on Mining and Metals (ICMM) water reporting standards. Withdrawals are tested for quality which allows supply sources to be categorised as fresh or non-fresh water according to WAF methodology. All operations have a competent person responsible for water management. Our reporting system has largely been automated and standardised to increase access to critical information, globally and at site level.

### Baseline

Fresh water withdrawals – megalitres per year (ML/yr)	
2015 Total	48,666

### Historical performance

Fresh water* withdrawals – megalitres per year (ML/yr)							
	2021	2020	2019	2018	2017	2016	Baseline 2015
Water scarce sites*	36,888	37,249	42,527	49,188	45,541	44,081	48,666

\* Includes water scarce sites that form part of the KPI as defined above.

Baseline is the fresh water withdrawals in the year 2015 (48,666 megalitres per year). The year 2015 was used as the baseline since it is the first year for which full monitoring of fresh water withdrawals became available for all operations. The 2015 baseline has been recalculated (to remove Thermal Coal South Africa) and the Group has confirmed the 50% reduction target.

The 2015 baseline data for fresh water withdrawals has been reviewed internally and by external consultants but no third-party assurance has been undertaken.

External limited assurance will commence on 2022 data which will be reported in 2023.

### UN SDGs



KPI 2 contributes to:  
UN SDG 6 – Clean Water and Sanitation  
and UN SDG 13 – Climate Action.

### Environmental objectives referenced in the EU Taxonomy Regulation

KPI 2 contributes to the EU environmental objective of sustainable use and protection of water and marine resources.



# Selection of key performance indicators (KPIs) continued



▲ Community members Gloria Mabula, Noayinile Mzingelwa and Rosie Maluleke tending to crops at a community agricultural project managed by our Amandelbult platinum group metals operation in South Africa.

## KPI 3: Number of jobs supported off site for every job on site

### Definition and scope

A target ratio of the number of jobs supported off site for every job on site in regions of high unemployment at the target date. An on site job includes mine-site-specific Anglo American employees or contractors engaged in core mining, processing or non-mining activities such as security, cleaning or maintenance services. An off site job includes a job held by a non-Anglo American employee or contractor or jobs not directly related to Anglo American’s mining operations, but where such employment is supported or created by the presence of Anglo American and programmes it supports in host communities. For example, jobs supported through procurement, jobs enabled through investments in infrastructure projects in support of operations, or jobs supported or created inside or outside the mining value chain that are part of enterprise development programmes. For off site jobs supported, we currently do not differentiate between those related to the mining value chain and those that are outside of the mining value chain.

The scope of this KPI includes all Anglo American managed operations (which were owned by the Group as at 31 December 2018) located in regions with unemployment in surrounding local communities above 10% in 2018, which is typically double the natural rate of unemployment<sup>(12)</sup>. Isolated mining operations with no surrounding communities within 50 km are out of scope (for example, our Canadian operations are ‘fly-in, fly out’, so there are no local communities to support). Assets that had not entered operation as at 31 December 2018 (such as Quellaveco in Peru) and assets that have been divested (for example, Thermal Coal South Africa), closed or placed on care and maintenance since 31 December 2018 are

See page 16 for footnotes.

not included. Non-managed operations are excluded from the scope of this KPI.

These prerequisites led to the inclusion of managed operations in South Africa and Zimbabwe being in scope for the KPI. Although unemployment levels in our local communities in Chile were not above 10% in 2018, there are localised incidences of unemployment above 10% in such communities; therefore the Chilean managed operations were voluntarily included in scope for the KPI and relevant target as they expressed a commitment to helping to build a thriving community with better education and levels of employment. With managed operations in South Africa, Zimbabwe and (on a voluntary basis) Chile in scope, as at 31 December 2018, the KPI scope includes 13 sites out of a total of 23. At the end of 2021, these sites accounted for nearly 51,000 people with on site jobs, or 41% of Anglo American’s global workforce (employees and all other contractors working at our sites).

### Rationale and materiality

Anglo American operations are often located in remote or rural areas with limited alternative economic activities and high levels of unemployment, particularly youth unemployment. Joblessness dominates many domestic policy agendas and is a frequently cited issue in community consultations. It also represents a major financial pressure on the fiscal resources of many countries in which we operate.

We seek to ensure residents in host communities have access to employment opportunities that will allow them to improve their standard of living and their livelihoods<sup>(13)</sup>. The nature of mining, involving the stewardship of finite resources, means that transitions are an integral part of our work, especially with respect to mine closure. Creating off site non-mining-related job opportunities is also particularly important to address the long term trend of increasing labour productivity, leading to a requirement for fewer but higher skilled jobs.

While we have not determined a specific target of off-site mining related versus non-mining-related jobs (for example, agriculture or tourism) supported under the KPI, the type of job supported depends significantly on the local context and the economic opportunities that exist in a particular region. For example, for sites in Limpopo, South Africa, there may be more agriculture and tourism-related opportunities, while in Chile support is likely to be more focused on manufacturing or services. In areas which will continue to have significant mining activity into the future, jobs supported in mining-related business are still of great value. In general, we aim to support jobs in sectors with growth potential and, therefore, conduct spatial and value chain analyses as part of our Collaborative Regional Development (CRD) work.

### Methodology

The on site jobs number is the full-year average employee and contractor number at the sites in scope. For the ratio calculation, the yearly average number of on site jobs is utilised to account for variation in employee numbers across the year, using end of month data to calculate the yearly average.

The off site jobs supported indicator consists of jobs sustained (the number of jobs the relevant non-Group organisation already had when entering into the relevant programme or our supply chain) and jobs created through the support of Anglo American (e.g. new jobs created during a mentorship programme or through investments in infrastructure projects). This is measured as at 31 December each year to determine the full cumulative impact of the relevant programmes.

Examples of current programmes can be found in Appendix I.

There are challenges to accurately measuring the number of jobs supported off site for every job on site; however, each programme has a defined data collection method during its period of operation which appropriately reflects local context. Some examples of collection methods include:

- **Surveys** – Regular questionnaires can be sent to programme participants to obtain details of the number of jobs supported. Data on jobs supported is collected by the implementation partners by comparing the number of people employed by the SMEs when joining the programme versus the number declared upon graduating from the programme. The delta between the numbers equates to the jobs supported by the programme.
  - **Timesheets** – Entrepreneurs complete and sign timesheets to identify the number of Full Time Equivalent (FTE) jobs that have been supported during the period.
- When measuring the number of off site jobs supported, we adopt a common definition of FTE across all our sites in scope which uses a proxy of hours worked per week.
- **1.0 FTE:** Full time employees – people working 20 hours or more a week
  - **0.5 FTE:** Part time employees – people working 8 hours and up to (but not including) 20 hours a week
  - **0.1 FTE:** Day workers – people working under 8 hours a week

Off site redundancies and resignations during the period of the programme would be captured as a reduction in FTE during the programme.

### Baseline

Baseline ratio of 0.1:1  
2018, which was the year our sustainable mining plan was first published

### Historical performance

	2021	2020	2019	Baseline 2018
Actual cumulative off site jobs supported (FTE)*	96,762	85,028	7,613	3,184
Average on site jobs (FTE)	50,820	47,085	52,581	50,857
Off site: On site ratio	1.9 : 1	1.8 : 1	0.1 : 1	0.1 : 1

\* In 2020, the Group conducted for the first time a comprehensive survey to compute the number of off site jobs supported through procurement. This caused a large increase in off-site jobs supported to be reflected in 2020 and future years as compared to 2019.

While external assurance has been completed periodically in the past on some (but not all) of the job programmes data, jobs data for all material programmes from 2022 and onwards will be verified by an external assurance provider using limited assurance.

### UN SDGs



KPI 3 contributes to UN SDG 1 – No Poverty, UN SDG 8 – Decent Work and Economic Growth, and UN SDG 10 – Reduced Inequalities.



# Calibration of sustainability performance target (SPTs)

## Calibration of sustainability performance target (SPTs)

All applicable SPTs will be detailed in the relevant documentation of the specific transaction, as applicable. Factors that support and/or might put at risk the achievement of the SPTs may be disclosed in the documentation of the relevant sustainability-linked transactions, depending on the requirements of applicable regulation and market practice.



▲ Operations excellence principal Carl Van Den Ordell making adjustments to equipment during the construction of the hydrogen plant at our Mogalakwena platinum group metals mine.

### SPT 1: Reduce absolute greenhouse gas emissions (Scopes 1 and 2) by 30% by 2030 compared with 2016

Metric	Reduction of absolute Scope 1 and 2 GHG emissions
Unit	Percentage reduction vs baseline
Comparison year	Baseline: 2016
Target	30% reduction
Target observation date	31 December 2030

#### Ambition of the target

When the 30% target was set in 2018 against a 2016 baseline, the Group forecast that emissions would increase from 2016 with the ramp-up of steelmaking coal and other Group operations. Therefore, the Group’s target reduction of 30% by 2030 against a 2016 baseline is equivalent to a 39% reduction in absolute terms against the Group’s reported 2020 emissions.

Current scientific evidence shows that, broadly, the world needs to achieve net zero CO<sub>2</sub>e emissions by 2050 to limit average global warming this century to well below 2.0°C, and preferably to 1.5°C, compared with pre-Industrial Revolution levels, which is enshrined as the goal of the Paris Agreement.

The Group’s medium term targets to reduce absolute GHG emissions by 30% and achieve carbon neutrality at eight mining sites by 2030 are integral to the long term target of carbon neutrality across our managed operations by 2040, well ahead of 2050, and in support of the Paris Agreement.

While there is not yet an agreed pathway for the global mining sector, or a definitive approach for determining alignment of individual miners’ GHG targets to the 1.5°C Paris Agreement goal, and this makes it hard to be definitive in a complex, fast-evolving space with application across multiple sectors and geographies, the Group has assessed the alignment of our Scope 1 and Scope 2 targets and trajectories as follows:

- A consultant-supported exercise was performed in 2021 by Anglo American to assess the Group’s emissions profile and targets against a set of 37 publicly accessible global pathways collated by the IPCC that limit the global temperature increase to 1.5°C and that reach net zero emissions before, or at, 2050. Against those scenarios, the 2030 target was more ambitious than 19 of these. While these results are not definitive, they indicate that the Group Scope 1 and Scope 2 2030 target is within the range of those IPCC 1.5°C global pathways.

- In early 2022, Anglo American instructed Carbon Trust to conduct an independent gap assessment, comparing the Group’s GHG targets and decarbonisation trajectory against selected credible pathways and accepted Net Zero definitions.
- A comparison utilising the Science Based Targets initiative (SBTi) Absolute Contraction (intensity pathway) approach<sup>(14)</sup> indicates that the Group’s target is in range in terms of trajectory and cumulative emissions from 2020, though an increase by 4 percentage points to 34% in the target relative to 2016 would precisely match the SBTi 1.5°C curve.
- An applied Transition Pathway Initiative (TPI) intensity analysis using the Group’s forward projections<sup>(15)</sup>, estimating both forward production and decarbonisation pathways, indicates that the Group intensity performance is in line to a 1.5°C TPI intensity pathway until 2040, including as at 2030.<sup>(16)</sup>
- A comparison to International Energy Agency (IEA) Net Zero Emission (NZE) 1.5°C aligned emissions reduction pathways<sup>(17)</sup> demonstrates that the Group’s general trajectory compares favourably in terms of targets and trajectory in the long term (2040); however, the medium term (2030) target would be 8% outside the NZE 1.5°C pathway at that juncture.

Our internal analysis and the independent gap assessment give the Group confidence that, recognising that with forecasts of any type there is a margin of error, our medium term GHG Scope 1 and Scope 2 2030 target and trajectory can be demonstrated to be aligned with a well-below 2°C scenario and broadly in the range of what is widely understood as a 1.5°C world. This is paired with our ambition to reduce our material Scope 3 emissions by 50% by 2040, through close collaboration with our customers, notably the steelmaking industry, other industry participants and industry bodies where those Scope 3 emissions are not directly under our control. Further details on our approach to Scope 3 are provided on page 7.

#### Means for achieving the target

We have identified clear abatement pathways to achieve our 2030 target and our longer term target of becoming carbon neutral across our operations by 2040. We are significantly increasing the role of renewables in our energy mix, while reducing and controlling process emissions. We are also investigating nature-based solutions on land we manage:

**Scope 1 abatement:** The ongoing deployment of our FutureSmart Mining™ programme across the portfolio will see a step-change in low and zero emissions technologies, significantly reducing our Scope 1 emissions. This includes the capture of methane from our steelmaking coal mines, which is our largest single source of Scope 1 emissions, as well as innovative means of displacing diesel at the mines, including the development of nuGen™, the world’s largest hydrogen fuel cell powered haul truck<sup>(18)</sup>.

**Scope 2 abatement:** We are following two separate tracks to reduce our Scope 2 emissions. First, we are working to consume less energy through the application of FutureSmart Mining™ technologies. For example, we are deploying energy reduction applications in ore processing, which is the most energy intensive part of mining. Other ways that we are reducing our energy intensity include the application of P101 performance improvements – our transformational asset productivity programme that builds on the stability provided by our Operating Model – as well as new technologies and digitalisation.

We also plan to increase the proportion of renewable energy in our mix. In 2021, our managed operations in Chile switched to electricity sourced exclusively from renewable sources. We have also signed contracts in both Peru and Brazil that will allow all of our operations in South America to run on renewable electricity, such that, by 2023, we expect to be drawing 56% of our global electricity supply from renewables. In March 2022, the Group signed a Memorandum of Understanding with EDF Renewables, a global leader in renewable energy, to work together towards developing a regional renewable energy ecosystem in South Africa. The ecosystem is intended to meet Anglo American’s operational electricity requirements in South Africa through the supply of 100% renewable electricity, thereby also supporting the resilience of the local electricity supply systems and the wider decarbonisation of energy in the country.

#### Factors that may affect the achievement of our target

These may include:

##### Southern African renewables:

- Strength and stability of the national grid in South Africa, under a changing energy landscape
- Collaboration with government on permitting
- Stakeholder engagement and socio-economic benefits programme success.

##### Methane in our steelmaking coal mines:

- Readiness of uncompromising safety systems on Ventilation Air Methane (VAM) abatement technologies.

Key factors that support and/or might put at risk the achievement of the SPT may be disclosed in the documentation of the relevant sustainability-linked transactions, depending on the requirements of applicable regulation and market practice.

See page 16 for footnotes.



# Calibration of sustainability performance target (SPTs) continued

## SPT 2: Reduce the abstraction of fresh water in water scarce areas by 50% by 2030, compared with 2015

Metric	Reduce abstraction of fresh water in water scarce areas
Unit	Percentage reduction vs baseline
Baseline	2015
Target	50% reduction
Target observation date	31 December 2030

### Ambition of the target

Reducing fresh water withdrawals by 50% in water scarce areas across the Group requires a major shift in Anglo American’s water-management strategy and investment, including changing water supply to alternative sources (desalination, treated wastewater) increased efficiency (recycling and re-use) and potentially focusing more on lower water intensity mining (water per tonne of production). It is to be noted that the Water KPI is an absolute reduction of fresh water withdrawal, regardless of increases in production, which makes the target even more ambitious.

The majority of the historical water savings were related to short/medium term water supply replacement measures implemented at Los Bronces in Chile, which has the largest single fresh water withdrawals. During the ongoing drought in the Greater Santiago Metropolitan area, Los Bronces started purchasing alternative water supplies (mainly industrial and municipal wastewater) to compensate for reduced fresh water supplies. During 2018–2021, Los Bronces reduced fresh water withdrawals from 16,996 ML/yr (2015 baseline) to a range of 7,368–9,093 ML/yr (47–57% reduction). However, these are part of a short term contingency plan which cannot be extended out to 2030, so are not comparable to the required reduction to hit our target in future years.

### Means for achieving the target

To achieve fresh water reductions, we aim to both improve our efficiency and also substitute higher quality water used in our operations with supplies of lower quality water.

Through an integrated system of technologies, including coarse particle recovery and hydraulic dry stack, we plan to reduce fresh water usage in our operations, thereby reducing the need for wet tailings and, instead, creating stable, dry, economically viable land. Our planned key actions are<sup>(19)</sup>:

- Improving water efficiency by increasing water re-use and recycling
- Replacing fresh water with alternative water sources (e.g. desalination, wastewater)
- Measuring evaporation rates to conserve more water
- Using (low-cost) dry tailings disposal to limit water loss
- Innovating with dry separation techniques that use less water
- Using less water when separating waste rock from ore

The first and second of these actions will have the largest impact on achieving the target.

### Factors that may affect the achievement of our target

These may include the implementation and completion of our FutureSmart Mining™ projects.

Fresh water withdrawals, historically, have been closely linked with the annual climate/hydrology in the water catchments in which Anglo American’s operations are located. This accounts for the volatility in fresh water withdrawals seen in the period 2015–20. Climate/hydrology-related impacts on fresh water withdrawal vary by site and region. For some sites, in wet years, more fresh water is withdrawn from surface water resources to refill storage. At other sites, during dry years, we need to withdraw more from wellfields to compensate for lower precipitation harvested. While climate-dependency reduces significantly with decreased fresh water withdrawal, some dependency necessarily remains.

Key factors that support and/or might put at risk the achievement of the SPT may be disclosed in the documentation of the relevant sustainability-linked transactions, depending on the requirements of applicable regulation and market practice.

## SPT 3: Support five jobs off site for every job on site by 2030

Metric	Jobs supported off site for every one job on site
Unit	FTE
Baseline	2018
Target	5:1
Target observation date	31 December 2030

### Ambition of the target

Our livelihoods target aims to ensure shared and sustainable prosperity in our host communities. One way to do this is to create sustainable jobs outside of our sites, taking the local economic dynamics of each jurisdiction into account. We believe that this livelihoods target is unique in our industry and goes beyond any business-as-usual or licensing requirement.

### Means for achieving the target

Jobs can be supported through a range of different programmes and interventions, including: enterprise and supplier development; targeted procurement; agricultural development; capacity/skills development (including youth programmes); regional development planning; innovation-related jobs that are created in non-mining activities; infrastructure; licence, permit and other social investments; household livelihoods support measures; labour and SME ecosystem strengthening.

Off-site jobs are created or supported in host province communities through a range of programmes. Examples are available in the Appendix.

### Factors that may affect the achievement of our target

These may include:

- Interest for partnership with other stakeholders
- Government support for economic recovery
- Demand for localisation by government
- Economic recession; prolonged impact of Covid-19
- Significant changes in procurement practices impacting local suppliers.

Key factors that support and/or might put at risk the achievement of the SPT may be disclosed in the documentation of the relevant sustainability-linked transactions, depending on the requirements of applicable regulation and market practice.

See page 16 for footnotes.



# Financial characteristics, reporting and verification

## Financial characteristics

All financing issued under this Framework will have a sustainability-linked feature that will result in a coupon or margin adjustment, or a premium payment as the case may be, if the relevant trigger event occurs, including:

- one or more of the selected KPIs have not achieved the SPT(s) on the target observation date, or
- the verification of the SPT at the target observation date has not been published as anticipated in this Framework.

The relevant KPIs, SPTs, step-up coupon or margin amount or premium payment amount, as applicable, will be specified in the relevant documentation of the applicable loan, security or instrument.

The SPTs will be measured once, at the target observation date. However, progress against the KPIs will be reported annually.

## Reporting

Anglo American will publish information on the progress it is making towards the SPTs in this Framework at least annually on its website, including:

- Periodically publish information on the performance of the selected KPIs, including the baseline where relevant
- Periodically publish information on each selected KPI, outlining the performance against the SPTs and the related impact, and timing of such impact, on a financial instrument performance.

When feasible and possible, information may also include:

- Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis
- Illustration of the positive sustainability impacts of the performance improvement
- Any re-assessments of KPIs and/or any restatements of SPTs and/or any adjustments of baselines or KPI scopes, if relevant

## Verification

### Pre-issuance verification

This Framework has been reviewed by ISS ESG, who provided a second party opinion, confirming the alignment with the Sustainability-Linked Bond Principles (SLBPs) administered by the ICMA. It will be made publicly available on Anglo American’s website.

→ [For more information](#)  
[Visit \*\*www.angloamerican.com\*\*](#)

### Post-issuance verification

The annual performance of each selected KPI included in the Sustainability Report and/or elsewhere on our website will be subject to external verification by a qualified external verifier. Verification of KPI performance will be conducted on an annual basis and at ‘Limited Assurance’ standard. Anglo American’s performance on its KPIs according to the SPTs at the relevant target observation dates will be verified by an External Verifier. Note that, as KPI 2 and KPI 3, and SPT 2 and SPT 3, have been newly developed, external verification will be published from 2023.

### Recalculation policy

The KPIs set out in this Framework will remain applicable throughout the maturity of any financing issued under the Framework, regardless of any future changes of Anglo American’s sustainability strategy. However, SPT(s) and/or the baseline(s) may be recalculated and applied to existing financing based on specific circumstances, such as changes in the calculation methodology following a significant change in data, due to changes in GHG accounting methodology, better data accessibility or discovery of data errors or significant structural changes to Anglo American’s perimeter, such as acquisitions, divestitures or mergers, mine closures, care and maintenance, large capital projects or as a result of a force majeure occurring. However, the Group will endeavour, if feasible, that any recalculation to the extent possible:

A. is consistent with Anglo American’s Sustainable Mining Plan;

B. is consistent with the initial target; and

C. has no material impact on the second party opinion originally provided to Anglo American in connection with the Framework.

When significant structural changes occur in the middle of a year, the current and baseline year will be recalculated for the entire year. In the event of an acquisition, in order to ensure that full and accurate data is available, recalculation will be carried out within one year after the structural change has occurred.

Baselines and/or SPTs adjustments will be reported by Anglo American in the Sustainability Report.

### Amendments to this framework

Anglo American may review this Framework from time to time, including its alignment to updated versions of the relevant ICMA and LMA principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior review of ISS ESG or any such other qualified provider of second party opinion.



# Appendix and footnotes

## Appendix I – Livelihood programmes

Examples of programmes supporting or creating off-site jobs in host province communities:

Category	Description	Example of programmes/ activities
Enterprise and supplier development	Jobs created and maintained through enterprise development, including businesses inside and outside the mining value chain	Zimele (South Africa), Emerge Chile
Procurement	Jobs supported through procurement (direct and indirect) in host communities and in the province	
Agricultural development	Jobs in the agriculture value chain stimulated by Anglo American initiatives (can include on site agricultural initiatives)	Fondo AgroQuellaveco
Youth and skills development	Beneficiaries of vocational training and work readiness training who are successfully placed into work (placements can be outside the region)	Youth development component of Zimele
Collaborative Regional Development	Employment from CRD initiatives which would not have happened but for Anglo American's leadership	Impact Catalyst South Africa
Innovation	Jobs in host regions arising from our market development and innovation work (need not be in the supply chain of in-region operations)	3D printing of spare parts, hydrogen opportunities
Infrastructure	Jobs enabled through investments in infrastructure in support of the operation	For example, transport, water, energy, telecoms, etc.
Licence, permit and other social investments	Jobs supported through other community development initiatives, including the jobs involved in delivery of those initiatives	SLP (Social and Labour Plan, a part of our mining licence) projects in South Africa
Household livelihoods support measures	Initiatives such as support for domestic food gardens (unlikely to be FTEs, so an appropriate proportion of livelihood will be taken per household)	Anglo American Platinum domestic food garden project
Labour and SME ecosystem strengthening	Jobs supported indirectly through strengthening employment and/or business ecosystems	Emerge and EmpleaT, Chile

## Footnotes

- (1) As at 31 December 2021.
- (2) Carbon neutral(ity) is a condition in which, during a specified period, there has been no net increase to the global emissions of greenhouse gases to the atmosphere as a result of the greenhouse gas emissions associated with the subject during the same period.
- (3) In 2015, the Group set a target to reduce energy consumption by 8% by 2020 against a 2015 base year. Details on how we delivered this reduction can be found on page 29 of the Group's Sustainability Report 2021.
- (4) In 2015 the Group set a target to reduce GHG emissions by 22% by 2020 against a 2015 base year. Details on how we delivered our 2020 ambition can be found on page 11 of the Group's Climate Change Report 2021.
- (5) International Capital Market Association SLB 2020 : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>
- (6) LMA SLLP 2022: [https://www.lma.eu.com/application/files/9216/4873/5603/Sustainability-Linked\\_Loan\\_Principles\\_31\\_March\\_2022.pdf](https://www.lma.eu.com/application/files/9216/4873/5603/Sustainability-Linked_Loan_Principles_31_March_2022.pdf)
- (7) For any additional information on our selected KPIs and Climate Change commitments, please refer to our Climate Change Report 2021 and our Sustainability Report 2021.
- (8) Corporate actions include, for example, exclusions of De Beers non-managed joint operations in Botswana and Namibia and the divestment of the Eskom tied thermal coal operations to Seriti and the subsequent de-merger of the remaining South African thermal coal sites to Thungela, the divestment of steelmaking coal operations (such as Foxleigh, etc), the divestment of certain copper operations (Mantoverde, Mantos Blancos), the divestment of the niobium and phosphate businesses and the divestment of Thabazimbi.
- (9) The WRI Aqueduct tool provides only high-level analysis, so we have also referred to the regional water balance analyses to verify the classification (as recommended by the WRI).
- (10) The WAF was published by the Minerals Council of Australia in 2014: <https://www.minerals.org.au/sites/default/files/MCA%20Adoption%20Explanatory%20Note.pdf>
- (11) [Global-Water-Crisis-The-Facts.pdf](#) (unu.edu)
- (12) <https://www.investopedia.com/terms/n/naturalunemployment.asp#:~:text=Many%20consider%20a%204%25%20to,exists%20with%20non%2Daccelerating%20inflation>
- (13) Livelihood is described as the capabilities, assets, and activities required for a means of living. A key element of a livelihood is employment.
- (14) With a focus on Scope 1 and Scope 2 only and utilising a 2020 reference year, as suggested by the SBTi methodology.
- (15) TPI analysis includes the Group's Category 10/11 Scope 3 outlook as part of the dictated approach and current production forecasts that could change.
- (16) The emissions apportionment approach used by TPI differs from the method employed by the Group in the 2020 Scope 3 audit.
- (17) Scopes 1 and 2 only and utilising a 2020 reference year.
- (18) <https://southafrica.angloamerican.com/our-difference/futuresmart-mining/nugen>
- (19) More details can be found at <https://www.angloamerican.com/futuresmart/stories/our-industry/technology/picture-this-the-waterless-mine>



# Disclaimer

## Group terminology

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in relevant areas of the world, evolving societal and stakeholder requirements and expectations, shortages of skilled employees, the actions of competitors, activities by courts, regulators and governmental authorities such as in relation to permitting or forcing closure of mines and ceasing of operations or maintenance of Anglo American’s assets and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights, unanticipated downturns in business relationships with customers or their purchases from Anglo American, competitive pressures on sales and pricing, the introduction of competing technologies, unexpected difficulties completing acquisitions or divestitures, war, civil or political unrest or terrorism, unanticipated deterioration of economic and financial conditions around the world and such other risk factors identified in Anglo American’s most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers, the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## Alternative performance measures and sustainability data, models and methodology

Throughout this document a range of financial and non-financial measures are used to assess our performance, including a number of financial measures that are not defined or specified under IFRS (International Financial Reporting Standards), which are termed ‘Alternative Performance Measures’ (APMs). Management uses these measures to monitor the Group’s financial performance alongside IFRS measures to improve the comparability of information between reporting periods and business units. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the Group’s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

The matters covered in this document include judgements, estimates and assumptions. We have used sustainability (including climate) related data, models and methodologies which we consider to be appropriate as at the date on which they were used, but these are not of the same standard as those available in the context of other information (such as financial information), nor subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles.

The data, models and methodologies used (including specifically in relation to GHG accounting) and the judgements, estimates and assumptions made in relation to sustainability matters are evolving rapidly which may directly or indirectly affect the metrics, data points and targets contained in this document. Further development of accounting and/or reporting standards could impact the performance metrics, data points and targets contained in this document. Sustainability-related data we report may be affected by underlying data quality which can be hard to assess, and historical data may not be reliable as an indicator of future performance. Not all of the information contained in this document has been subject to external assurance or audit. The data contained in this document may be updated, re-calculated, re-baselined and/or re-presented from time to time and may change materially.



