



Group Policy: Climate Change

Overview: Who we are

Accountability is a core value of Anglo American. As a responsible steward of valuable resources, Anglo American recognises its responsibility to understand the impact of its business, to minimise its footprint and maximise the value it creates for all its stakeholders. This includes a specific responsibility to take action to address the causes of climate change, and to protect its employees, host communities, assets, and investor interests against its potential impacts.

Climate change is likely to impact Anglo American through:

- the changing nature of demand for its products (transition risk);
- the impact a changing climate will have on its assets, regions and socio-economic resilience of its host communities (physical risk) and;
- the way in which government policies, including taxation policies will change (political risk).

This Policy sets out:

- the principles that inform both the Group's approach to responding to these areas and how the Group should address its own climate impact.
- a high-level framework for:
 - o how the Group approaches the management of climate-related risks and opportunities;
 - o how it embeds the best available climate-related analysis into strategic decision-making; and
 - o how the Group is governed to ensure good practice is consistent throughout.

Italics are used to indicate words that are defined or explained for the purpose of this Policy (refer to the section on Key Terms).

Main principles

The following principles govern the Group's approach and shall be applied to all activities and businesses:

Operational Decarbonisation

Anglo American's principal approach to reducing operational (Scope 1 and 2) Greenhouse Gas (GHG) emissions will be through direct action in the form of projects implemented to decarbonise the business and its operations. The Group will set targets for operational decarbonisation and will aim to align these with evolving best practice and with the decarbonisation pathways required to limit global temperature rises to 1.5°C above pre-industrial averages, laid out in the Paris Agreement.

Anglo American's approach to operational decarbonisation follows the mitigation hierarchy. This means, in order of priority, it:

1. Avoids creating unnecessary emissions and optimise efficiency to reduce emissions. Energy and fuel efficiency initiatives fall into this category.
2. Substitutes emissions that cannot be avoided by using lower emissions sources of energy and sequestering emissions where possible.
3. Compensates for residual emissions through direct delivery of carbon negative impacts on and around our operations (inset) and through the retirement of voluntary carbon market carbon credits (*offset*).

The Group will review its operational emission reduction targets every 5 years, as and when material changes, such as divestments or closures, occur in the portfolio or as specified in the GHG Protocol.

The Group will disclose on an annual basis its Scope 1 and 2 emissions, the methodology for which is defined in the **Scope 1, 2 & 3 Methodology**. Data will also be disclosed as per guidance in the **Energy & GHG Emissions Management Standard** and in line with mandatory disclosure standards which apply to the Group.

The Group does not yet see a pathway to absolute zero for its operational emissions meaning negative emissions of some form will have a role to play in balancing residual emissions. The Group's approach to this is set out in the **Group Carbon Compensation Guidelines**.

The **Group Carbon Compensation Guidelines** set a framework and principles within which each business might choose to define its own more detailed approach, and provides definition in two key areas:

- under what circumstances can offsetting be used to support the achievement of decarbonisation objectives; and
- what principles underpin the generation of credits that it will use for decarbonisation.

The Guidelines also reiterate that the Group's aim is that in achieving *carbon neutrality*, it will align with current best practice definitions for "*net zero*", including from the United Nation's Framework Convention on Climate Change (UNFCCC). This includes striving to minimise the proportion of the Group's emissions baseline for which carbon compensation is used and ensuring that offsets procured from third parties are used to compensate no more than 10% of the baseline.

Decarbonising value chains

The Group is committed to working across value chains to reduce Scope 3 emissions. The Group recognises that as Scope 3 emissions are generated by the actions of those in the Group's value chain and it does not have direct control over the sources of those emissions. The approach to

reducing those emissions is, therefore, necessarily different from the approach to reducing operational (Scopes 1 and 2) emissions.

Engagement and partnering with the Group's customers and suppliers is the focus of its Scope 3 emissions reduction strategy. It will work with its customers to develop lower carbon solutions for its products and drive demand for lower carbon metals and minerals.

It will also work to foster a culture with suppliers which encourages adoption of carbon reduction practices consistent with the ambitions of the Group.

The Group will review its Scope 3 emission reduction ambition every 5 years, or as and when material changes, such as divestments or closures, occur in the portfolio.

The Group will disclose all 15 Categories (as defined by the GHG Protocol) of its Scope 3 emissions on an annual basis in line with evolving best practice set out in relevant disclosure frameworks. The calculation of the Group's Scope 3 emissions is defined by the methodology as set out in the **Scope 1, 2 & 3 Methodology**, which is reviewed every 5 years, or when material changes in portfolio or best practice demand it.

Strategic Management of Climate-Related Risks

The systemic nature of the implications of climate change require that the potential impacts are embedded within the Group's risk management processes. To do this, the Group draws on the best available climate data in assessing the resilience of its portfolio to transition, political and physical risks, among others. The risks and opportunities identified through this analysis are then embedded and monitored through the Group's overall risk management process and/or managed through the Group's strategy.

The implications of a changing climate are specific to individual locations, so to complement the top-down, strategic approach, the Group also uses the best-available climate science to inform site and business processes and to build operational resilience.

Each asset must have a physical climate change risk assessment and adaptation plan, which should be integrated into management systems. The requirements and guidance to support the identification and management of physical climate change risks can be found in the **Physical Climate Change Risk and Resilience Standard** and its accompanying guidance. All sites are required to implement the approach set out in the Standard.

The Group is also invested in the investigation and development of Nature Based Solutions (NbS), making use of its land and nature assets, and innovation pathways. The **Biodiversity Standard** and associated guideline includes components for the investigation, design prioritisation and implementation of NbS as well as their application to operational decarbonisation projects, included but not limited to assessing risks and opportunities for nature from renewable energy projects.

Just Transition

The social implications of the transition to a lower carbon future, due to implications of the associated economic transition or the physical impacts of a changing climate, are understood increasingly well. Avoiding the negative implications is often referred to as ensuring a "Just Transition".

The Group is committed to understanding and minimising the negative implications of its climate strategy and maximising the societal benefits. It is also committed to understanding the wider local contexts within which it is working and contributing positively to supporting resilience in host communities.

The Group's approach to the key principles of equity and justice are entrenched in the execution of responsible mining. This is defined in detail in our numerous policies and practices, but

specifically, through the **Social Way**, the **Group's Responsible Mine Closure Toolkit** and **Human Rights Policy**. The **Physical Climate Change Risk and Resilience Standard** and its associated guidance, also set out how the Group builds physical resilience of communities into its work plans.

Climate-Related Governance

With delegated authority from the Anglo American plc Board, the Sustainability Committee, alongside the Group Executive Leadership Team (ELT) and Climate Change Committee (CCC) are responsible for the oversight of the Group's approach to climate change, including this Policy and its associated Standards. The Group Sustainability team has responsibility for day-to-day oversight of the implementation of this Policy and its associated Standards.

Climate Advocacy

The Group is committed to conducting any relevant lobbying activities in line with the goals of the Paris Agreement. This relates to direct engagement by those directly covered by this Policy as well as to any lobbying carried out on behalf of the Group by a third party, including industry associations of which the Group, or any of its controlled subsidiaries, is a member.

The Group's controls in respect of any government engagement and lobbying are set out in the **Group Government and International Relations Policy** and the associated **Government Relations Handbook**. The Group's climate-related policy positions are set out in the **Approach to Climate Advocacy** guidance document. This guidance also includes the monitoring, evaluation and disclosure of the alignment of all industry associations of which the Group is a member to its climate change policy positions every two years.

Climate-related Disclosures

The Group's climate-related disclosures will, at a minimum, meet the standards required in the jurisdictions in which it operates. The Group has aligned its disclosures with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) and will transition to the framework as set out by the International Sustainability Standards Board's (ISSB).

The Group will continue to engage in the policy debate around the evolution of climate-related disclosure frameworks.

Further guidance

Further guidance

This Policy is supported by mandatory Standards and guidance available through the Group's Policy Hub and intranet sites.

This includes:

- Group Carbon Compensation Guidelines (2024)
- Physical Climate Change Risk and Resilience Standard (2024) and its associated guidance.

The Group also recognises that there are many interdependencies, including but not limited to, nature, social issues and water, associated with issues covered by this Policy. It is therefore also supported by relevant policies and standards across these areas.

This includes:

- Energy & GHG Emissions Management Standard (2024)
- Mine Closure Standard (2024) and supporting Mine Closure Toolbox (2019)
- Biodiversity Standard (2024)
- Social Way (2024)
- Group Human Rights Policy (2021)
- Group International and Government Relations Policy (2022)
- Approach to Climate Advocacy Guidance (2024)
- SHE Way Standard (2021)
- Group Resilience Policy (2023)
- Group Responsible Sourcing Standard (2020)
- Scope 1, 2 & 3 Methodology (2024)
- Group Water Policy (2023)

Contact Information

See below key contacts for support in interpreting to this Document, or adhering to its principles / requirements / expectations.

- o Head of Climate

Key terms

Defined for the purposes of this Policy.

Term	Explanation
Carbon Offset	A carbon offset broadly refers to a reduction in GHG emissions – or an increase in carbon storage (e.g., through land restoration or the planting of trees) – that is used to compensate for emissions that occur elsewhere.
Carbon Neutrality	Is achieved when, for any tonne of GHG emitted, Anglo American will retire equivalent offsets (developed either through our own operations or procured in the market).
Net Zero	An actor reduces its emissions (Scopes 1, 2 and 3) following science-based pathways, with any remaining GHG emissions attributable to that actor being fully neutralised by like-for-like removals (e.g. permanent removals for fossil carbon emissions) exclusively claimed by that actor, either within the value chain or through purchase of valid offset credits.

About the Policy

Scope and application

This is a Group Policy that applies to the entire Anglo American plc Group globally, including all its Business Units, Group Functions and controlled subsidiaries. This Policy does not apply to joint ventures and subsidiaries of the Group which are not controlled by the Group.

Where the Group does not manage an operation or project, but it is associated with an operation or project through a business relationship, such as a joint venture or other business partnership, it will seek to influence the relevant operation to adopt an equivalent policy if one is not already in place.

This Policy sets out Anglo American's position in respect of areas within its scope. It is not, and is not intended to be, comprehensive and should not be regarded as legal advice. Appropriate guidance on this Policy, relevant laws and their application to any particular situation should always be sought.

This Policy applies to all directors, employees and contractors unless notified to the contrary, and/or unless any aspect of the Policy is not permitted by local law or regulation.

Responsibility

In this Policy, and any related procedures or standards, references to "Anglo American", the "Anglo American Group", the "Group", "we", "us", and "our" are to refer to either Anglo American plc and its subsidiaries and/or those who work for them generally, or where it is not necessary to refer to a particular entity, entities, or persons. The use of those generic terms is for convenience only and is in no way indicative of how the Anglo American Group or any entity within it is structured, managed or controlled.

Anglo American subsidiaries, and their management, are responsible for their own day-to-day operations, including but not limited to securing and maintaining all relevant licenses and permits, operational adaptation and implementation of Group policies, management, training and any applicable local grievance mechanisms.

Anglo American produces group-wide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day-to-day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses.

Prevailing language

The English language version of this Policy shall be controlling in all respects and shall prevail in case of any inconsistencies with translated versions, if any. Any other language versions of this Policy are provided for convenience only.

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