AngloAmerican

GROUP STRATEGY AND SUSTAINABILITY STANDARD

# Physical Climate Change Risk and Resilience Standard

| Owner | Area |
|---|---|
| Head of Climate | Strategy and Sustainability |

| Approved by | Approval Date |
|---|---|
| Group Director of Strategy and Sustainability | 12/2024 |

## Purpose

This Physical Climate Change Risk and Resilience (PCCRR) Standard defines how existing and future physical climate risks must be assessed and addressed across Anglo American to enhance resilience for the future.

The work and expectations this Standard details provide the basis on which we meet the Group's regulatory disclosure requirements with a focus on material risks, and financial impacts of physical climate change on our business.

# Contents

# 1. SCOPE

**This Standard applies to:**

1.1. Anglo American managed businesses and operations, as well as the broader value chain, including:
- 1.1.1. Entire mining phases (e.g., exploration, design/projects, construction, operation, and closure).
- 1.1.2. All types of mining activities (e.g., open cut, underground, alluvial, and marine) and related infrastructure.
- 1.1.3. Processing activities (e.g., smelting and refining).
- 1.1.4. Support activities (e.g., offices, warehouses).
- 1.1.5. Upstream and downstream (logistics, markets)
- 1.1.6. Our activities and impacts with the broader community and environment.

**This Standard does not apply to:**

1.2. **Non-managed operations**, in which Anglo American or its businesses have a shareholding. Anglo American must seek to influence these operations to adopt the requirements of this Standard or be satisfied that the practices in place in the businesses in which Anglo American has a shareholding, are sufficient to mitigate the likely implications of a changing climate.

**Legal compliance:**

1.3. This Standard must be applied in conjunction with all relevant national laws and/or specific national standards of countries, regions, and/or districts.

1.4. National laws and standards always take precedence. If the provisions of this Standard conflict with applicable national laws and/or standards, the latter must be followed. However, the remaining provisions in this Standard will continue to apply.

1.5. To the extent that this Standard incorporates identical, similar, alternative, or more rigorous provisions than the requirements of national laws and/or standards without conflict, full compliance with these provisions is mandatory.

**Exemptions:**

1.6. Exemptions from this Standard require specified risk-based controls, proposed by GM and approved by Country & Regional head for risks at site level, Country & Regional Head for risks at Business level, and Group Head of Function for risks associated to that function.

MANDATORY REQUIREMENTS

# 2. PLANNING AND DESIGN

## 2.1 Physical Climate Change Risk and Resilience (PCCRR) Assessment

2.1.1 A PCCRR Assessment uses climate change projections, an understanding of local vulnerabilities and adaptation capacity to identify potential risks, and in some cases opportunities, to future facing activities or assets resulting from the changing climate.

All PCCRR Assessments must:

- Use the best available climate science for site-specific climate projections. Access to scientifically robust sources of data that are continuously updated with latest science, and are downscaled to each asset is provided through a Group subscription. The projections provide a view on key climate **hazards** for operations which underpin our understanding of the **exposure** sites will have to the changing climate.
- Consider a current and worst case scenario - currently this is defined through the Intergovernmental Panel on Climate Change's (IPCC) Shared Socio-economic Pathways (SSPs) scenarios, with SSP2-4.5[1] as the current pathway and SSP5-8.52 as the worst case scenario.
- Assess physical climate change risks and opportunities over a time scale that covers the life of mine of the operation, plus an additional 20 years for closure planning.
- Consider the **vulnerability** and **adaptive capacity** of the site and region where it is located to inform risk consequence and adaptation measures.
- Quantify the impact of the physical climate change risk on production, safety, and the broader value chain, inclusive the surrounding environment and communities where relevant. Additional studies and modelling may be necessary to understand the risk consequence and time of emergence to enough detail to inform development of appropriate mitigation and adaptation measures.

2.1.2 Risks identified through the PCCRR Assessment must be built back into the site or business risk management processes for active management, and those risks identified and their controls must be reviewed annually as part of the broader risk management review process.

2.1.3 The PCCRR Assessment must be performed every three years to update the identified risks and opportunities[3].

[1] Between 2.1 – 3.5 °C warming by 2100
[2] Between 3.3 – 5.7 °C warming by 2100
[3] Further guidance on undertaking a physical climate change risk and resilience assessment can be found in the **Physical Climate Change Risk and Resilience: Assets, Projects and Functional Process Integration Guidance**.

## 2.2 Physical Climate Change Resilience and Adaptation

2.2.1 Adaptation actions must be prioritised considering feasibility and impact. Criteria that must be considered in developing and proposing adaptation actions include cost, barriers to implementation, timing (considering time of emergence of the risk), effectiveness, co-benefits and any potential unintended consequences of the action.

2.2.2 National, regional and local priorities must be considered in the prioritisation and development of adaptation actions. Ideally adaptation actions have broad benefits, and they must avoid maladaptation (further guidance on Adaptation can be found in the **Physical Climate Change Risk and Resilience: Assets, Projects and Functional Process Integration Guidance**.)

2.2.3 A monitoring programme to track on site climate change trends and extreme weather events with their associated impacts (operational disruption, asset damage, social or environmental disturbance etc) as well as the effectiveness of any controls and adaptation actions implemented must be in place. This monitoring programme must be incorporated into relevant existing site Monitoring Plans, such as those required by the SHE and Social Way.

## 2.3 Integration into relevant long term planning processes

2.3.1 The requirement to consider physical climate change risks and potential impacts must be included in all long-term planning processes, to increase climate resilience. Integration into the following processes and standards is mandatory:

- Asset strategy, Life of Asset Plan and Resource Development Plans
- Investment decisions (IDM)
- Closure and rehabilitation planning
- Water management
- Processed MRF management
- Permitting (ESHIA)
- Social impact and socio-economic development
- Logistics
- Supply chain management

Guidance on what to consider is provided in the document Physical Climate Change Risk and Resilience: Assets, Projects and Functional Process Integration Guidance.

# 3 PERFORMANCE MONITORING

## 3.1 Performance and Conformance

3.1.1 Assurance of this standard is to be undertaken as per the Group and Business Assurance process.

## 3.2 Disclosure

3.2.1 The Group must in their Annual Report disclose the actual and potential impacts of climate-related risks and opportunities on its businesses, strategy and financial performance in the short-, medium- and long-term. The Group must outline how it identifies, assesses, and manages these risks, including resilience and adaptation measures. Additionally, the Group needs to describe the specific metrics and targets used to assess and manage relevant climate-related risks and opportunities, and explain how it conducts supporting scenario analyses. The Group must describe the organisation's governance around climate-related risks and opportunities.

3.2.2 In order to track exposure, vulnerability and adaptive capacity and performance, operations must keep data on:

- Extreme weather events (date, time, relevant key metrics ie mm rain, wind speed etc) with impacts on production (with tons/hours lost) or damage to assets (financial impact)
- Costs of mitigation of impacts caused by weather
- Details of and costs of adaptation to climate change
- Contributions to community resilience
- Contributions to environmental adaptation

This data is to be provided to Group for the purposes of disclosure requirements[4]. Some countries may have their own disclosure requirements that assets need to meet in addition to the Group disclosure requirements.

[4] This may include IFRS ISSB and the EU's CSRD disclosure standards.

# APPENDIX A: INTEGRATION WITH OTHER DOCUMENTS

| Document # | Document Name |
|---|---|
| **Linked Policies** | |
| | Group Climate Change Policy |
| | Group Resilience Policy |
| | Group Safety, Health and Environmental Policy |
| | Group Social Way Policy |
| | Group Water Policy |
| | Integrated Risk Management Policy |
| **Linked Standards and Procedures** | |
| AA TS 033 | Water Management Standard |
| AA TS 035 | Mine Closure Standard |
| AA TS 013 | Biodiversity Standard |
| AA TS 019 | SHE Way Standard |
| AA TS 034 | Processed Mineral Residue Facilities and Water Management Structures Standard |
| TBD | Integrated Risk Management Framework |
| A TS 015 | Integrated Permitting Standard |
| | Technical Risk Management Procedure |
| **Linked Guidelines** | |
| | Social Way |
| | Investment Criteria by Stage (ICbS) |
| | ESHIA guideline |
| | Water Management Guideline |
| | Rehabilitation Guideline |
| | Mine Closure Toolkit |
| | Physical Climate Change Risk and Resilience: Assets, Projects and Functional Process Integration Guidance |
| | Permitting risk management guideline |

# APPENDIX B: RECORD OF AMENDMENTS

| Version | Approved | Authors | Changes Made |
|---|---|---|---|
| [TBD] | [TBD] | [TBD] | [TBD] |