



Investing in African Mining Indaba 2022

Keynote address

Duncan Wanblad, Chief Executive – Anglo American plc

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The power of mining An industry at the heart of enabling a new and inclusive economy

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Acknowledgements

- His Excellency, the President of South Africa, President Cyril Matamela Ramaphosa;
- His Excellency, the President of Botswana, Mokgweetsi Masisi;
- His Excellency, the President of Zambia, Hakainde Hichilema;
- His Excellency, Jean-Michel Sama Lukonde, The Prime Minister of the DRC;
- The Minister of Mineral Resources and Energy in South Africa, Minister Gwede Mantashe;
- Honourable Ministers from the thirty countries represented here today, and their administrations;
- Ladies and gentlemen, distinguished guests;

Introduction

- Good morning! It is indeed a privilege to be here with you in person today - at this great gathering of our industry, together again for the first time in three years.
- The last two years of pandemic-related disruption has certainly tested all sectors of society, but I am very proud of how our industry responded in terms of our broad social role in so many communities around our operations all over the world.

- Mining is an industry renowned for its ups and downs, some self-inflicted, some not. But when I reflect on this particular moment in time, standing here today, never before has there been such an obvious and urgent demand for what we do and, more specifically, what we make possible.
- I know I am preaching to the converted, but the metals and minerals we mine are instrumental in spurring on extraordinary human progress and development.
- Just try and imagine a world without airplanes, vehicles, and mobile phones – all of which are manufactured from mined materials. If it's not grown, it's mined!
- Looking to the future, as the world contends with the urgent imperative to decarbonize, coupled with rapid urbanisation and the dire need to address social inequality, the demand for mined materials is set to increase even more. As an industry, our challenge is clear: **we need to go about satisfying the demand for metals and minerals in a very different way:** a way that is in harmony with the needs of society and the natural environment – while creating and sharing enduring value in an inclusive way for all of our stakeholders.
- The mining industry, as the foundation for industrial development and growth, must continue to transform itself at pace to achieve this new reality.

Theme 1: Powering the green transition

There is no better time or place than right now and right here, to reflect on our industry's role in enabling the transition to a low carbon future.

- As the world rallies toward the urgent goal of net-zero, it is mining that must provide the feedstocks necessary for such wholesale decarbonisation – and do so in the cleanest and most socially responsible way possible. I am encouraged by the progress we have made as an industry to move from *talking* about climate change to *advancing* climate action.

- Across the board, we are setting out pathways to reduce emissions and taking a more proactive stance in how we remodel our operations for a carbon-neutral future.
- In our case, just on Friday at our Mogelakewena PGMs operations in the Limpopo Province, we launched, what we believe, will be a game changer in the reduction of mine-site emissions: – our hybrid, battery-fuel cell, hydrogen powered, ultra-class mine haul truck. Right here, in South Africa! (that makes me very proud.)
- This prototype truck forms part of our nuGen™ Zero Emission Haulage Solution vision – an end-to-end integrated green hydrogen production, fueling and haulage system with the potential to remove up to 80% of diesel emissions generated on our open cut mines.
- This marks an enormous step forward: the first time a truck of this size and load capacity (a 220-tonne truck with a 290-tonne payload) has been developed to run on hydrogen and operate in real mining conditions – proving the case for the wider adoption and use of hydrogen across the heaviest duty forms of transport, where batteries alone will simply not work.
- It is also a very tangible demonstration of our FutureSmart Mining™ programme and how we are applying innovative thinking and technological advances to deliver positive and sustainable outcomes.
- Beyond the mine gate, this project is also a significant development for South Africa and the development of its emerging hydrogen economy, which offers so much economic and employment promise when supported by appropriate policy and regulatory frameworks.
- And while we work to decarbonise our own operations and those of our customers – there is one key point that often gets lost in the wider debate and it is this: **the world cannot decarbonise without the products of mining**. Mining *is* the cornerstone, and the *enabler*, of the energy transition.

- Take Platinum Group Metals, for example. These have long played – and will continue to play – an important role in reducing vehicle emissions. They will play an even more important role in the production of green hydrogen and its use as a store of energy. A hydrogen economy, powered by renewables, could meet the substantial demand for the world's energy needs by 2050. This secular shift has the potential to create entirely new economic sectors, and the jobs to power them.
- The picture is even more positive for copper, a critical metal traditionally associated with the transmission of electricity. It is also a key ingredient for a new era of clean, green, renewable energy. Copper is at the heart of every wind turbine, electric vehicle, and solar farm.
- I could speak about the virtues of many other mined metals and minerals, but I think my point is clear. **Mining has a long-term role in enabling the energy transition.** And in helping deliver this transition, we **need to ensure that all mining is “climate-smart mining”**.

Theme 2: Creating new opportunities for shared prosperity through the transition

This transition is not only about decarbonising energy, but also about how we can create new opportunities for shared prosperity.

- We often forget that **the history of development is fundamentally a history of energy and of economic transitions**. Each stage of economic development has been accompanied by an energy transition from one primary fuel source to another. Today – this is a shift away from fossil fuels towards clean energy sources.
- As economies develop and become more complex, energy needs increase significantly – but then so do society's expectations.

- We know that the world will shift to renewable energy, but **how** we do this is just as important: it **must** be in a way that leaves no one behind and feels justified to all.
- In this regard, I believe the **mining industry can and should play a leading role in building a more collaborative and inclusive economy that places people, and the principle of shared prosperity at the heart of development.**
- The energy transition currently underway presents a fresh opportunity for South Africa – to build a clean and inclusive energy ecosystem that can create new and significant economic opportunities for this great country and indeed others on this continent.
- Such shifts need us all in the private and the public sectors to think differently about how we can make things happen. We all need to get out of our comfort zones and think outside the traditional model. Policy support, regulatory certainty and robust state institutions – yes, these are all essential – but so too are the rule of law, security and the rooting out of corruption.
- If the last two years of dealing with the impacts of the pandemic have taught us all anything, it is this: that the power of partnership, of working together does indeed achieve extraordinary outcomes – and it is here that I believe that our industry – and other industries – can pool our expertise with government to build greater capacity and resilience in the public sector.
- This continent with its vast natural reserves of abundant sun and wind – provide an unmissable opportunity to both decarbonise and create significant new economic sectors; and Anglo American is committed to play our role in making that opportunity a reality.
- In March, we announced a groundbreaking partnership with EDF Renewables – a global leader in renewable energy - to work together with government towards developing a regional renewable energy ecosystem in South Africa.

- The idea is that this ecosystem would provide between 3 and 5 GW of renewable generation capacity, representing 100% of our own energy requirements.
- That would be a good portion of the 25 GW of renewable energy that the country is aiming to have implemented by the end of the decade!
- This ecosystem will involve the construction of on-site photo-voltaic plants and off-site wind farms – helping us to reduce our Scope 2 emissions and providing the foundation for green hydrogen production – to power our haul trucks and beyond.
- We see this ecosystem being more than just about energy. A wide range of new economic opportunities can be generated, but to ensure that this value is created and shared inclusively, we must consider how we can use the transition as a springboard for unlocking a nation's growth and development potential. Again, partnerships will be the key.
- We have adopted a particular approach that we believe best suits such shared objectives. Collaborative Regional Development – or CRD – is our innovative partnership model for fostering economic activity beyond mining in the regions where we operate. CRD is designed simply to improve people's lives by creating truly thriving communities that endure and prosper well beyond the life of the mine.
- The success of CRD absolutely depends on quality partnerships that co-create enduring value. In South Africa, the partnership we have formed is called the Impact Catalyst, with the Industrial Development Corporation as a financial partner, alongside government, NGOs and other businesses, including Exxaro.

- This approach provides comprehensive and scalable benefits for our stakeholders, including members of the community who benefit from its prosperity.
- Let me give you a few examples: Following the successful launch and several pilot projects in Limpopo – spanning broad sectors from agriculture and tourism to technology, 3D printing – we began work in the Northern Cape to expand community access to broadband and other communication technologies.
- This includes projects focused on economic development, education, health, municipal infrastructure and early childhood development. Not your typical mining company!
- Simultaneously, we have partnered with the Department of Co-operative Governance and Traditional Affairs in South Africa to develop the Municipal Capability and Partnership Programme, laying the foundation for an adaptive approach in working together to improve service delivery and ultimately contribute to improved quality of life of our communities, where millions of people will experience the effects of the energy transition.
- The programme is helping address inter-related challenges across nine municipalities in South Africa, including the impact of climate change, food security, the creation of sustainable livelihoods and jobs, and the financial stability of municipalities. We really are thinking holistically about what the Just Transition could bring for millions of people in this region.

Theme 3: Innovating with purpose

Lastly, we should not underestimate how much more we will need to innovate to ensure that this transition is successful.

- Mining's challenges – be they operational, environmental or social – create the perfect platform for innovation. In our case, FutureSmart Mining™ has galvanised us to develop innovative mining methods and technologies to make our operations safer; to overcome challenges of water availability, lower ore grades and increasing energy requirements; to reduce our overall environmental footprint; and to reduce capital intensity and operating costs.
- But it doesn't end there. Central to FutureSmart Mining™ is how we engage more broadly for better societal outcomes. Integrated into our Sustainable Mining Plan is our commitment to advocate for the right policies to drive positive change in and around mining.
- We do this by taking a lead on issues that affect our business and that can bring about real and positive change to society as a whole, whether locally or globally – such as the development of responsible sourcing standards to drive ethical value chains or working with governments and regulators to bring mine permitting up to date to accommodate new technologies and working practices.
- Over the coming decade, the capability to innovate and bring innovation successfully to the market will be a crucial determinant of the global competitiveness of industries such as mining, and of nations like South Africa.
- To that end, South Africa and many other mining jurisdictions on the African continent have an opportunity to position themselves for this coming era and then to harness the considerable benefits that it will bring. That time is now, backed up by forward thinking regulatory frameworks that support innovation, allow technology implementation, and incentivise mineral exploration, so that we unlock the promise together.

- To paint the picture more vividly: delivering a two-degree pathway, so not even the 1.5 degree pathway that the Paris agreement envisages, will require almost two trillion dollars¹ in capital over the next 15 years. This is new capital that will have to be invested in finding and bringing to market the green metals and minerals that are abundant in many parts of this continent.
- The people of mineral and energy rich Africa will not forgive us if we miss an era-defining opportunity for them and their countries.
- The question that we need to ask ourselves throughout this year's Indaba is: how do we ensure that this transition is not a missed opportunity for Africa? Time is not on our side!

In closing, I want to underscore the significant opportunity we have collectively before us as an industry...

- By transforming ourselves we are setting up the foundations for a new economy, and the African continent can and should play a leading role in this. Coming from a country with deep mining heritage, I have often been inspired by how widespread the benefits of mining are shared, compared to pretty much any other industry.
- Mining is an industry that:
 - ✓ Pays tax where the value is generated (that is to say, in-country);
 - ✓ Shares value directly with host communities and makes a positive impact at scale;
 - ✓ Provides such a wide range of essential services in often remote and under-served regions – from education, to health, from electricity to running water; and
 - ✓ Often serves as the anchor economic tenant in a region, stimulating entire local economies.

¹ Source: Wood McKenzie estimates. "Mining risk: will fortune favour the brave?" Accessed [here](#).

- Simply put: mining is everyone's industry. This is an industry at the very heart of modern life, an industry that is helping build a new economy to save our planet for eight billion people who depend on our metals and minerals every day – often without realising that they do!
- As the world decarbonises, we recognise that this moment is not only about the role of mined products in the energy transition – but this moment is also about *how* we lead the way in helping develop new models of shared prosperity as part of what must be a Just Transition.
- This is so important if we are going to shift perceptions of mining amongst broader society, and as consumers rightly start to care more about the provenance – the ethical sourcing – of the raw materials that form the products they buy.
- The burden of expectation is upon us to mine responsibly, considering the full breadth of our stakeholder universe and recognising that stakeholder value takes many forms and is very much in the eye of the beholder.
- Mining is not just a “part” or a “cog” of the future of the global economy and the planet we all share; it is the bedrock. Together, we really can improve people's lives and the prospects for our planet – our silent but most delicate stakeholder.
- Thank you.