

## **Collaborative solutions from Mining to tackle water scarcity**

Thank you for contacting us regarding the water shortage situation in El Melón and the actions the company has taken to address it.

At Anglo American we are aware of the water scarcity situation at El Melon and naturally we are concerned about its effects on the community.

Water scarcity is a reality and is affecting part of the community, and we believe that we all have a responsibility to generate actions to help overcome this serious problem. We have said it in many occasions, Anglo American is not responsible for the water shortage that is affecting this area.

The water shortage that affects this area is similar to what is happening in other parts of the country: due to the geographical location and climatic conditions, the area is being highly affected by climate change, which has generated a drought that has been dragging on for more than a decade. That is the main factor that generates this problem.

In this current context of drought, we understand that the priority is human consumption and we are making every effort to minimize the use of fresh water in our operations. With this objective, we developed a water management strategy focused on gradually reducing the use of fresh water, as is the case at El Soldado. In addition, since 2012, we have been promoting various projects - with an investment that exceeds US\$ 5.6 million - to support the community in this problem.

The water rights that El Soldado has in the Nogales commune, according to official data from the General Water Directorate (DGA), represent only 3.6% of the total rights granted in the area, well below the other productive activities.

El Soldado has groundwater rights for 425 liters per second, but its environmental permits allow it to extract an average annual flow of 109 l / s per month. However, our efforts are focused on progressively reducing this figure, with the aim of stopping using fresh water in our processes. For that, we have sought supply with sources of industrial water not suitable for human consumption; we are looking at desalination options; and making mining processes more efficient with the implementation of new technological options, which, in 2019, allowed us to reuse close to 90% of the water from the El Soldado process.

The Supreme Court ruling highlights the efforts we have made to reduce our fresh water consumption and the collaboration we have made with the municipality and the community to tackle this problem.

There are several measures that we have implemented, and in 2019 we began a new phase of implementation with the "Emergency Plan for the Nogales commune", in which the company allocated an emergency budget aimed at executing more than 60 projects, whose objective It is to counteract the low water in the wells of the commune and strengthen the water supply systems for the community.

Among these measures, we connected wells N ° 4 and 9 of El Soldado to the Municipal APR, making an important part of the water available to the community, Today the municipality is not making use of this water, as the wells of the municipal system have recovered the water level; however, 13.5 l / s remain available in case the community and municipality need them.

We also delivered more than 135,000 m<sup>3</sup> of water in cistern trucks, built wells, made improvements to the water distribution system, implemented technology in the wells and ponds of the 9 APRs of the commune, among other actions agreed with the community and the local authorities. These initiatives have helped guarantee water to more than 10,000 people in the Nogales commune.

Likewise, we developed our Rural Water Program, in alliance with WeTechs, which improves the efficiency of APRs through state-of-the-art technology, since it allows the level of wells and ponds to be monitored and controlled from a web platform. This allows APR operators to access real time information and remotely manage their facilities in a proactive and much more efficient way.

The Supreme Court ruling is clear and unanimously confirms the ruling that the Valparaíso Court of Appeals had already issued, rejecting the protection appeal filed by some people against Anglo American, and clearly establishes that there is no illegality on our part in the use of our water rights.

We have a strong water strategy that is based on the following four axes: increased efficiency and new technological options to capture less fresh water; the development of collaborative solutions to contribute to the water security of the regions in which we operate; the search for new sources of water supply that do not affect human consumption, such as the use of industrial water not suitable for human consumption or desalinated water; and the development of knowledge in water matters and measures for better reportability and transparency.

With this structure, our goal is to progressively reduce the extraction of fresh water towards the end of the decade.

Note to the editors

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive operations, development projects and undeveloped resources, provides many of the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast growing consumer-driven demands of developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to mine, process, move and market our products to our customers – and to discover new resources – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, the steelmaking ingredients of iron ore and metallurgical coal, and nickel – with crop nutrients in development and thermal coal operations planned for divestment – we are committed to being carbon neutral across our operations by 2040. 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. Anglo American is re-imagining mining to improve people's lives.