



OUR APPROACH TO WATER STEWARDSHIP



We recognise that water is a vital shared resource with high social, cultural, spiritual, environmental, and economic value. Access to safe drinking water is an internationally recognised human right,⁽¹⁾ essential to the wellbeing and livelihoods of communities. Access to water is integral to the healthy functioning of natural ecosystems and the cultural and spiritual practices of many communities.

Water resources are under increasing pressure from industrialisation, urbanisation, climate change and the needs of growing populations. We have a role to play in, where possible, avoiding and minimising adverse impacts on water availability and quality. Water is a critical input for our operations where it is primarily used for processing, suppressing dust and managing tailings, as well as for sanitation and catering for our people. In many of the areas where we operate, water is scarce, and in other regions, in excess. We are water consumers, but also water stewards, and recognise the need for collective responses to sustainably manage the water resources we all rely on.

Our approach to water stewardship aims to work towards sustainably managing water resources within our operations and contributing to addressing the shared water challenges in the catchments where we operate.

Our commitments

We are committed to:

- **Water stewardship⁽²⁾:** aiming for water use that is socially and culturally equitable, environmentally sustainable and economically beneficial, which is achieved through a stakeholder-inclusive process;
- **Minimising our adverse impacts:** we apply the mitigation hierarchy to, where possible, avoid and minimise adverse impacts on the natural environment associated with our water withdrawals and discharges;
- **Working with our communities:** supporting local communities and working with them on community water issues they may face, now and in the future;
- **Considering the value of water:** continuously improving the integration of water considerations into our planning and operational processes to holistically consider and value water in all stages of the mining lifecycle;
- **Governance and management:** analysing the effectiveness of our governance and management processes to continuously

improve our water-related performance and contributing towards global governance initiatives; and

- **Transparent disclosures:** publicly reporting our water performance and progress on our water stewardship activities.

Meeting our commitments

The principles that support us to meet our commitments include:

- **Applying a context-based approach:** we collaborate to identify, evaluate and respond to catchment level water-related risks and opportunities to support water governance and stewardship in the regions where we operate;
- **Innovation:** we look to innovative approaches to manage our water-related risk;
- **Stakeholder engagement:** we seek to engage and collaborate with relevant experts, research institutions, Indigenous, Traditional and Tribal Peoples, our communities and other stakeholders with respect to water stewardship;

(1) As recognised by the United Nations General Assembly in Resolution 64/292.

(2) Adapted from the Alliance for Water Stewardship's definition of 'water stewardship'.

- **Knowledge sharing:** we actively participate in relevant regional and global water stewardship groups and forums, and industry associations to collaborate, gain and share knowledge; and
- **Legal compliance:** we maintain practices at each of our operations to comply with local laws, and where applicable law differs from the commitments in this approach, we seek to apply the higher standard to meet our water stewardship commitments.

Our management approach

Our approach to water stewardship aims to reduce material water-related risks, promote more efficient water use, enhance business continuity, effectively manage our activities within catchment areas, and maintain water security.

Identifying Risks:

- We apply a water risk and opportunity screening process for each of our operations and major projects, which encompasses internal and external factors and utilises resources including the World Resources Institute Risk Aqueduct Tool. These factors include - but are not limited to - the physical impacts of climate change, current and projected operational water requirements, water-related risks and needs of other catchment users, regulatory reform and community sentiment.
- The outcomes of the water risk and opportunity screening process are used to update the operational and/or project water risk profiles, and to identify opportunities to collaborate and promote improved water stewardship outcomes within the catchment.
- Our water risk profiles are inclusive of direct operational impacts and pressures on the surrounding catchments.

Managing Risks:

- All identified material water-related risks associated with South32's activities are captured within our risk management system. Controls are developed with consideration of the mitigation hierarchy adapted to water stewardship (avoid, minimise, reuse, recycle, discharge, offset), the broader catchment context, community needs, interactions with natural ecosystems as well as medium and long-term social, environmental, and economic consequences of water impacts.
- Monitoring and verification programs are implemented to manage regulatory compliance and operational risk-control performance, verify conformance with requirements outlined in our internal standards and facilitate corporate and regulatory reporting requirements.

Water Planning and Accounting:

- We assess water-related risks associated with South32's activities, as part of our integrated business planning process for each of our operations and major projects. This informs water resource forecasts, and infrastructure requirements associated with water transfers, treatment, storage and dewatering.
- Operations maintain water balances to track water withdrawals, discharges, efficiencies, and consumption which informs planning, management, and stewardship activities.

Targets and Performance:

- We establish contextual water targets⁽³⁾ for operations with material water-related risks, which consider future operational water supply and demand profiles, anticipated catchment conditions, and the needs of current catchment users.
- We set targets to improve water use efficiency for those operations in baseline water stress⁽⁴⁾.
- Our operations collect and report against a suite of water metrics, with data analytics used to guide operational water management improvements.
- We integrate water performance into our short-term incentive structures.

Reporting and Disclosure:

- We report water-related data in accordance with the Minerals Council of Australia's Water Accounting Framework and the ICMM Water Reporting Good Practice Guide.
- We report water-related data through our Annual Reporting Suite, and to relevant regulatory agencies as required in the jurisdictions in which we operate.
- We actively support improvements in water management, disclosure, and accounting practices through the ICMM Water Working Group.

Innovation:

- We allocate resources to enable continual and innovative improvements to water management and our water-related risks.

Partnerships:

- We actively engage in forums and seek to participate in industry bodies and collaborate with local communities to improve water stewardship outcomes at the catchment level.

What guides us

Our approach to water stewardship is guided by global standards and initiatives including the ICMM Mining Principles: 2 - Decision Making, 3 - Human Rights, 4 - Risk Management and 6 - Environmental Performance, and the associated ICMM Position Statement on Water Stewardship. We support the United Nations Sustainable

Development Goals 6.4 and 12.2, and the United Nations Global Compact Environment and Human Rights Principles.

Our commitment to water stewardship is supported by our Board-approved Sustainability Policy and Our Approach to Human Rights and managed through our internal environment and climate change, social performance, reporting and closure standards, which are supplemented by operational procedures that account for local and regional water needs and regulatory requirements.

Governance

Our Board has ultimate responsibility for our company's governance and strategic direction. The Sustainability Committee assists the Board in its oversight of our sustainability management, performance, assurance, and reporting practises. This includes endorsing our publicly disclosed water targets⁽⁵⁾ and commitments to the Board for approval, and monitoring the adequacy and effectiveness of our management approach.

Management accountability for water stewardship is assigned to our Chief Operating Officers (implementation at the operations), Chief Technical Officer (standards and stewardship) and Chief Legal and External Affairs Officer (sustainability strategy and disclosure).

We periodically undertake internal assurance, and independent third-party assurance where appropriate, to assess compliance with our internal standards, as well as the ICMM Mining Principles and associated Performance Expectations, with a view to continually improving water management and performance across our operating footprint.

Application

This approach applies to all Directors, management, employees, contractors and third parties who act on behalf of South32. We endeavour to influence our non-operated joint ventures to support the adoption of standards of conduct consistent with ours, as relevant within the limits of the joint venture arrangements.

Our approach will be reviewed every two years, or more frequently, if necessary, so it remains relevant and appropriate to South32's water stewardship activities. The updated approach was considered by the Board Sustainability Committee, and approved by our Chief Executive Officer in September 2023.

To learn more

Further information on water stewardship, including performance and progress, can be found on our Sustainability page and in our Annual Reporting Suite at www.south32.net.

(3) A contextual water target is a specific timebound target that is set to deliver an intended outcome based on the environmental and social context of the local catchment.

(4) Defined as the ratio of total annual water withdrawals to total available renewable surface and groundwater supplies, accounting for upstream consumptive use. Higher values indicate more competition among users. The values and definition of baseline water stress have been derived from World Resources Institute Aqueduct 3.0: Updated Decision-Relevant Global Water Risk Indicators.

(5) As disclosed in South32's Annual Reporting Suite.