

## **Melbourne Mining Club**

### ***Investing in a sustainable future***

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**Newcrest Mining - Sandeep Biswas, Managing Director and Chief Executive Officer**

*\*\*Check against delivery\*\**

#### **Introduction**

Thank you Patrick for those kind words.

I'd like to begin by also acknowledging the Wurundjeri people of the Kulin Nation. We are fortunate to be gathering here today on their traditional land. I pay my respects to their Elders past and present and I look forward to our shared future.

A very warm welcome to you all.

I am very honoured to speak at the Melbourne Mining Club with so many distinguished guests, and am delighted to be doing so in the company of co-patrons Leigh Clifford and Hugh Morgan, two enormous influences on our industry, and Richard Morrow, Chairman of the Melbourne Mining Club.

This is a fantastic forum which brings together people from across our industry to catch up, share ideas, have a few drinks and discuss how we can drive the future success of the industry, communities and the country.

As the club celebrates its 20th birthday, it's timely to reflect on how that spirit of openness and collaboration has been key to the success of our industry. This spirit is very much alive today.

In his speech at the Melbourne Mining Club 20 years ago, the late Sir Arvi Parbo, a giant of our industry, said that his "ability to predict the future was minimal". How accurate his insight has proven to be!

In the four years since I last spoke to you at this venue, few would have predicted the scale of change that has occurred in our industry and across the world.

Certainly, no-one could have predicted the scale and reach of this pandemic. It has created challenges that no government alone has been able to solve. In the face of those challenges though, the Mining Industry has distinguished itself. I will expand on that later.

We have seen the continued and extraordinary rise of China.

We have seen the US diminished in its influence, much of this self-inflicted.

We are seeing the emergence of India as a global player and a much more determined Russia.

We have seen nationalism return, pushing back some of the strides made by globalisation in previous times. One only has to look at the US, Brexit, China's approach and others to see this trend.

The digital revolution continues at an astonishing rate.

We have seen the emergence of cryptocurrencies which have quickly captured big chunks of investment portfolios and media attention.

The technical advancements in medicine, electric vehicles, renewables and energy storage, automation and communication continue to accelerate relentlessly. These changes are impacting our industry and our daily lives and providing many opportunities for us to tackle the challenges that the future presents.

In this overall context, it has been the elevation and acceleration of sustainability - and more particularly, ESG - which I want to talk about today.

The expectations of employees, younger generations, governments, communities and broader society have shifted. These groups are increasingly looking to business to do more than just make a profit, and to take the lead on ESG matters. Our investors see our commitment and action on ESG matters as mission critical. They want to see us managing risks and unlocking long-term future value, but in a responsible way and doing the right thing at all times.

As an industry, we have made significant progress in a number of these areas, but there are plenty of opportunities for further improvement.

Unfortunately we have also seen the consequences when it is not done right. Such as the destruction of cultural heritage and tailings dams failures. These tragedies reflect badly on the whole industry. But they are also opportunities to learn, improve and make sure they never happen again.

Industry bodies of which Newcrest is a member, such as

- the International Council on Mining and Metals,
- the Minerals Council of Australia, and
- the World Gold Council

play a key role in ensuring the entire industry embraces these challenges and learning opportunities.

Earlier this year we outlined our future aspirations for Newcrest.

This is generating a lot of excitement within the Company as we look to grow by:

- Exploring;
- Building new mines and expanding our existing ones;
- Testing and applying technology and digital solutions across the business;
- Developing our people;
- Striving to be collaborative and innovative;
- and applying the mentality that nothing is impossible, it just hasn't been done yet.

I am pleased to point out just how fundamental the principle of sustainability is to our future. It ties to our newly defined purpose:

*To create a brighter future for people through safe and responsible mining.*

This is about us delivering something more than just safety, profits and growth.

In safety we have made great strides. We must always be humble here as the focus required to maintain a safe workplace is an ever present one. However, we have been free of fatalities for over five years now and our injury rates have consistently declined to what are now very low levels for our industry.

Safety has become a core part of the DNA of Newcrest, right across the business. My aspiration is that over the coming years, "sustainability" - in the broadest sense - also becomes part of the DNA of the company at all levels. And I expect it is going to be essential for all companies – not just those in the resources industry – to be aligned and striving towards an authentically sustainable future.

## **COVID 19**

I want to say how proud I am of the way our sector – the resources industry - has dealt with the COVID-19 Pandemic.

This has been one of the most far reaching, deadly and disruptive viruses in living memory. In the face of these challenges, employees, investors, communities and customers have turned to business to step up – to protect and improve livelihoods. And the Mining Industry has really stepped up.

Health and safety are hardwired into our industry's DNA, which is why we mobilised so quickly to protect our people and communities and maintain safe operations.

For example at Newcrest, we introduced thermal testing, stringent hygiene practices, social distancing and other preventative measures at our operations, well before the virus took hold.

In February last year, we were the first mining company to begin health screening for our FIFO workers at Perth Airport.

Many thought we were being a tad dramatic. But our FIFO sites are like cruise liners - isolated sites with communal facilities where it would only take one person with the virus to potentially initiate an outbreak.

It was not long before others were doing the same thing.

I think as an industry we have done an amazing job, through the hard work and diligence of many, and there's no doubt that our collective efforts have kept our economy strong:

- By having no COVID-related reductions in our workforce;
- By continuing our purchases of goods and services supporting the jobs of many more people; and
- and through our ongoing and uninterrupted royalty and tax payments.

COVID-19 has shown the world that it is possible to do things in record times. For example:

- The scale up of a number of global vaccines in a time frame that no one would ever have thought of;
- The ability to have massive numbers of people successfully working remotely and maintaining productivity levels; and
- The mass uptake of digital at a rate no one would ever have thought possible.

Now, we've seen a shift in the public's focus from pure survival to recovery. There are growing calls for us as a society to 'build back better'. To secure a different and better future.

This means pursuing growth that is clean, sustainable and which benefits everyone. To be accountable to the communities in which we operate to leave things as good, if not better, than we found them.

It's about being accountable – as an industry that is one of the world's largest carbon emitters - for helping to address climate change. And accountable to our employees to create workplaces that are inclusive and diverse, where people can feel safe, and supported to be their best.

Our industry has a big role to play. Our products are essential to recovery and to building a better world and a better future. There are many challenges. However, there are also many opportunities. With our capacity to innovate and get things done, we can look to the future with confidence.

## Innovation / Digital

During my presentation to the Melbourne Mining Club in 2017, I outlined the role of innovation in securing our industry's prosperity. At that time, I said innovation and digital transformation would have to be front and centre for us all in an increasingly challenging environment.

That is even truer today than it was back then.

- The industry we operate in is competitive.
- The more attractive ore bodies are being exhausted and new ones are harder to find.
- Grades are declining.
- New opportunities are in challenging depths and locations; and
- Energy needs to be low impact to the environment as well as low cost.

Yet, we all have many idle mineral endowments and opportunities hidden in our own cupboards.

Productivity is key. We must continue to look harder and work smarter in order to create value and realise the full potential of what we already have or can easily get.

Robotics, big data and artificial intelligence have transformed how we work. They have already made products, processes, services and technologies safer, more efficient and more effective. They've changed how we mine, connecting our workforce, equipment and systems in real-time.

However, they have only scratched the surface.

History has shown us the power of technology breakthroughs. For example, flotation enabled us to concentrate low-grade minerals then process them further, as if they were high-grade minerals.

These techniques have been refined and now we are seeing the emergence of large scale coarse ore flotation techniques – Newcrest's Cadia operation being the first to introduce this in the base metals industry - which give us the ability to improve ore recoveries at much lower processing energy intensities.

Likewise bulk explosives, mechanised mining and large mills had a profound impact on productivity from the 60s to the 90s. This was followed by advances in instrumentation and process control that also helped to lower costs.

Newcrest continues applying and extending its competitive capabilities to capture new value, sustainably. For example, today, we have collaboratively developed high temperature explosives and remote handling equipment that can be used in 150 degree temperature environments.

We have adapted high precision, underground drilling and blasting techniques that can potentially remove the need for undercut levels in block caving. This could materially drop the establishment cost of our future block caves.

We have exploration technologies, analysis and big data processes that help target new exploration discoveries under deep cover.

We have leveraged technology used in other industries such as agriculture and defence to mineral exploration.

Our innovation and digital capabilities have played a big part in how we look today.

And they are starting to play a big part as the industry decarbonises and the world moves towards a zero carbon future.

Given our experience with identifying and applying innovative technologies, Newcrest – and the mining industry more broadly - has the potential to be at the forefront of meeting the challenges of climate change and water stewardship.

### **Climate change / renewables**

Mining is a big contributor to greenhouse gas emissions globally.

But as an industry, we have the ingenuity, technology and capability to take on this challenge and reduce our carbon footprint.

Industry bodies such as the ICMM and World Gold Council are helping members build their climate resilience, and identify best practices to reduce emissions.

Across the sector we are moving quickly to remove diesel-powered vehicles from our mines and looking to eliminate carbon fuels from our operations. I think this is becoming a real possibility in many instances, with the technical advances we are seeing.

And strategic partnerships across sectors can bring forward investment in renewables and help us to get closer to zero carbon emission in our businesses.

Take our Cadia operation in New South Wales, as an example. Cadia is currently a large consumer of coal powered electricity in the state. We have already moved towards renewable sources, in this case wind, for 40% of our energy requirements from 2024 once this wind farm has been built. Through our own efforts and through the general decarbonisation of the grid, it is realistic to aspire for Cadia to have minimal to zero power input from carbon sources.

If we bring in the technology advancements in electric vehicles, battery storage and other technologies, we can see a way to bring on-site emissions to zero or close to it.

These technologies will also allow us to eliminate diesel particulates underground, and reduce energy intensity and the cost of ventilation.

At Newcrest, copper is becoming an increasing part of our portfolio which is great given the strong future of the metal in helping to decarbonise the world. I think being a gold company with a meaningful exposure to Copper makes us more resilient and profitable in the longer term.

## **Social**

Turning now to the S in ESG – social.

As I mentioned, one of our industry's great achievements during the pandemic was the way in which we quickly adapted operations and supply chains to maintain operations, secure jobs, and keep resources and cash flowing into the global economy.

This could not have happened without strong community partnerships based on mutual benefit and shared value.

These relationships will be more important than ever in the future and we need to keep earning our right to have access to orebodies that are on others' land.

In the not too distant future, I think that local community partnering, from a capability and reputation viewpoint, will become a strategic competitive advantage in a company's ability to acquire and develop an asset.

My leadership team and I spend time in local communities because we understand that these on-the-ground, frontline relationships are the most important relationships we can have.

I can tell you that when I started as an engineer in this industry many decades ago, I had very little understanding or appreciation of this, and I am sure I wasn't Robinson Crusoe at the time. The fact that young people now joining the industry can start their career by being fully aware of how important these matters are bodes well for the future.

When I started at Newcrest, the company's relationship with local landholders and community, as well as provincial government, at our Lihir mine was difficult to say the least. The operation was regularly interrupted by these issues.

Much of the money that had been destined for good works in the community was being wasted due to poor governance and execution. And the community had little to show for the many millions that had been spent on well intentioned endeavours over the years.

Over the past seven years, and it has been a long process, we have worked on rebuilding relationships with government and community stakeholders. We have not had a community disruption to the operation for six years.

We have new compensation, relocation and benefits sharing agreements with the mining lease area landholders. We have a new governance regime for the distribution of funds, and Newcrest and a broader range of community stakeholders have a seat at the table. The relationship has only grown stronger due to the way we have worked together through the COVID-19 challenge, which continues as we speak.

At our Red Chris operation in Canada, the Tahltan First Nation people comprise nearly a third of the Red Chris workforce. The Tahltan Impact Benefit and Co-Management Agreement means we work together very closely on all aspects of our operations. In fact, my first ever site meeting was with the President of the Tahltan Central Government in Vancouver, and then with the Chief and Council of the local Tahltan Band.

Only after this did I actually visit the operations.

I reflect sometimes on how my thinking has changed over the years on these matters. What is obvious to me now is that in the end it all comes down to people and relationships, which wasn't all that clear to me earlier in my career.

So, my learning journey continues!

### **Diversity & inclusion**

To be able to do the things we want to do – to deliver our strategies and positively impact society – we need access to the full suite of talent.

That means people from all walks of life, technical and non-technical, creative, numerate, from different ethnic, socio-economic and cultural backgrounds.

We need to be able to tap into new perspectives and harness the richness of diversity of thought. The right talent will show us the way to achieve our aspirations.

The bigger view of diversity drives what I like to call “uncommon sense” innovations, by looking at things from different angles and talking to people inside and outside the business who do things differently; people who we don't normally talk or listen to as much as we ought to.

Many of our breakthroughs can then just quietly happen through the engine room of bottom up innovation. From our people.

A lot is said about diversity – but I have come to the realisation that inclusion is probably more important, insofar as it is only through true Inclusion can we get true diversity.

An inclusive workforce in which people have a sense of belonging and feel able to contribute their best is more likely to be diverse.

In the last few months alone, we have all seen issues around sexual harassment, abuse and consent spill out from our parliament, our schools and some workplaces.

This is appalling – and is a transgression of a basic human right.

The onus is on us as employers to lead the way to make sure all our people regardless of gender, sexual persuasion and cultural origin are safe, feel supported and valued, and can speak up.

We don't need to wait for policy settings or legislation to take a leadership position on this. It goes to our values.

Let me tell you about a very special person, who is a fabulous example of what happens when someone from a diverse background feels included and empowered to speak up.

She joined Newcrest as a contractor working on the docks at Lihir some years ago. She witnessed a safety incident and spoke up about it. After not being heard the first time, she tried again and this time was heard by the right people who took action to address the issue. She has since developed a passion for safety and become a very effective safety ambassador and leader.

She embodies and leads the philosophy behind Newsafe, our safety behavioural program that encourages our people regardless of position to speak up and take ownership of safety. She's an inspiration to me and she is not afraid to turn directly to me when she needs to get things done.

And you can only achieve this by creating a truly inclusive environment. There are many examples like this in Newcrest and our industry. We just need it to be the norm, not the exception.

## **Governance**

Let me turn to the third pillar of ESG, Governance.

Governance is much more than systems and processes and the standards against which we measure our performance.

It's about culture and values, being transparent and doing the right thing.

Part of the reason mining has been successful is that it's been 'open source' – sharing know-how and collaborating to solve problems are familiar concepts. Even in a competitive industry.

The industry bodies that Newcrest is a member of are great vehicles for companies in our industry to share safety information and insights so we can create a culture that strives for better standards across the whole industry.

A good example is the work being done on tailings management. The ICMM launched the Global Industry Standard on Tailings Management (GISTM) following the tailings dam disaster in Brazil.

We are committed to these standards at Newcrest.

If all companies adopt these new standards, there is the potential for a step change improvement right across the industry.

Cultural heritage is also something we need to collectively focus on more than ever so that we get it right every time. I believe the more transparent we are, the more successful we will be as an industry in the future.

## **Cryptocurrencies**

Now, it is a little off topic perhaps but I am conscious that no presentation by a gold company CEO can exclude a comment on the emergence of cryptocurrencies.

To me cryptocurrencies are just that, currencies. They do not replace the much broader set of attributes which gold has.

There are a few fundamental and practical differences between the two.

Gold has a long history dating back thousands of years. It is a physical store of value, easily divisible, and has practical uses in jewellery, electronics and medicines. Gold also has a lower price volatility than crypto.

In fact, portfolios with cryptocurrencies may well benefit from higher allocations to gold!

But in the end, when things get really uncertain in the world, we must all decide for ourselves what we want be holding on to!!

## **Conclusion**

So in conclusion, technological disruption, climate change, and changing societal expectations are challenges we must all face and ones that I believe as an industry we are extremely well placed to take on successfully if we take a common and progressive approach.

After all, the mining industry has faced many challenges before. By setting bold visions, collaborating, innovating and more rapidly applying our unique capabilities, we have prevailed.

Success in future is now more than ever about having a strong purpose, and solid commitments and strategies around ESG, inclusion and diversity.

I believe as an industry we have the power to lead that change.

And at Newcrest, we will be doing that by creating a brighter future for people through safe and responsible mining.

Thank you

-ENDS-