

RESPONSIBLE SOURCING STANDARD FOR SUPPLIERS

2018



WE ARE COMMITTED TO WORKING WITH SUPPLIERS WHO COMPLY WITH APPLICABLE LAWS, WHILE STRIVING FOR 'ZERO HARM' TO PEOPLE, SOCIETY AND OUR ENVIRONMENT.

Responsible Sourcing is a key component to deliver our sustainability ambition. It supports Anglo American to prioritise ethical decision making when purchasing goods and services.

Anglo American, including its suppliers, has an obligation to a broad range of stakeholders including employees, communities, customers, business partners and shareholders to ensure fair and transparent business practices.

We operate in an interdependent world, and need to consider the impact of our daily decisions – especially where they can mitigate the risk of harm occurring to people, society and our environment.

This Responsible Sourcing Standard for suppliers ('Standard') details expectations, and provides guidance to our existing and future suppliers. It consists of '5 Pillars':

PROTECT SAFETY AND HEALTH	01
PROTECT OUR ENVIRONMENT	02
RESPECT LABOUR AND HUMAN RIGHTS	03
INCREASE SOCIAL ACCOUNTABILITY	04
CONDUCT BUSINESS FAIRLY AND WITH INTEGRITY	05

This Standard references various internal Policies and Codes* (available on the Anglo American website www.angloamerican.com), recommendations on best practices from various Human Rights conventions, including the United Nations Guiding Principles Framework, and guidance from the International Labour Organisation (ILO).

*Note:

This Standard replaces the Supplier Sustainable Development Policy and Code which was first published by Anglo American in October 2010 and previous versions of the Responsible Sourcing Standard for suppliers.

Anglo American remains committed to supporting our suppliers by enhancing their understanding and implementation of this Standard, and responsible sourcing requirements.

GUIDANCE FOR IMPLEMENTATION

Suppliers must ensure progressive adoption of this Standard within their organisation, implementation into their supply chains, including agents, intermediaries, contractors and suppliers.

At a minimum, suppliers are expected to comply with all relevant laws.

Suppliers should consider appropriate Policies and practices to avoid and manage risk. This should include training of employees and business partners.

We encourage suppliers to adopt business principles which are 'beyond compliance'.

MATERIAL BREACH

To avoid doubt, material breaches may include, but are not limited to:

- Wilful or negligent acts or omissions resulting in serious injury or death,
- Wilful non-compliance to Legal requirements or Anglo American site requirements,
- Refusal to remediate and contain adverse environmental effects,
- The use of child labour, forced labour and forms of modern slavery,
- Abuse of human rights,
- Excessive working hours, illegal wage deductions and non-payment of minimum wage or Legal benefits,
- Activities that undermine positive host community relations, and
- Bribery, money laundering or the financing of terrorism.

At minimum, a material breach compels:

- 1) A Corrective Action Plan (CAP) to be completed by the supplier, and
- 2) Regular feedback to Anglo American on the steps being undertaken to remediate these breaches.

A Material Breach will constitute non-compliance with the Responsible Sourcing requirements and therefore a breach of the Supply Agreement, and may be dealt with accordingly.

IN SUMMARY:

RESPONSIBLE SOURCING REQUIREMENTS FOR SUPPLIERS



- ① **COMMIT TO RESPONSIBLE SOURCING**
Every supplier to Anglo American is required to comply with relevant laws and commit to Responsible Sourcing requirements as a pre-condition to supply.



- ② **COMPLETE A SELF-ASSESSMENT**
Suppliers will be required to complete and regularly update a self-assessment questionnaire (SAQ). This will include during supplier registration and during sourcing events.



- ③ **PROVIDE EVIDENCE OF 3rd PARTY AUDIT**
On a sample basis, suppliers may be required to provide evidence of previous Responsible Sourcing audits, or be requested to conduct a new, 3rd party audit.



- ④ **MANAGE YOUR RISK**
We expect suppliers to develop plans with realistic timelines to address the requirements of this Standard, and any issues identified during the SAQ or audit process.



Suppliers must protect the safety and health of their workforce:

1.1. Strive for Zero Harm and ensure no repeats

- 1.1.1. Suppliers shall strive to eliminate fatalities, work-related injuries and health impairment of the workforce.
- 1.1.2. Injury and incident rates shall be measured and used as a basis to improve performance.
- 1.1.3. Necessary steps shall be taken to learn from safety incidents to prevent recurrence.
- 1.1.4. We encourage suppliers to remain aware of external safety incidents and consider practices which limit harm of the workforce.

1.2. Comply with all applicable Legislation, regulations, by-laws and best practice guidelines

- 1.2.1. Suppliers are expected to maintain all safety and health related documentation - including permits, licenses and other records as required by Law.
- 1.2.2. Where applicable, including where recognised as best practice in that industry, suppliers are encouraged to undertake the latest versions of 3rd party safety-related certification [e.g. OSHAS 18001/ ISO45001].

1.3. Maintain a zero-tolerance approach to unsafe behaviour

- 1.3.1. Leaders and managers should be held accountable for the safety of their employees through visible safety leadership.
- 1.3.2. Suppliers must maintain an alcohol and drug free policy.

1.4. Conduct risk assessments and manage safety risks

- 1.4.1. Suppliers shall assess and manage safety risks. As applicable, written procedures, work instructions and appropriate controls should be implemented to address residual risks.
- 1.4.2. Where there is an increased likelihood of occupational exposure, employees must receive confidential medical examinations in order to monitor any potential exposure hazards (e.g. noise, inhalable hazards, dust and excessive vibrations).
- 1.4.3. Suppliers shall maintain a high level of emergency preparedness to manage any potential safety or health emergency, including fire risk.
- 1.4.4. Supplier employees shall have access to emergency medical facilities.

1.5. Ensure that employees are trained and issued with protective equipment

- 1.5.1. Workers shall receive regular health and safety training. Such training shall be repeated for new or reassigned workers. Details of training provided should be recorded as evidence of training.
- 1.5.2. Appropriate personal protective equipment (PPE) must be available for the type of operation performed and available at no cost to the employee.

1.6. Offer unrestricted access to water and sanitation

- 1.6.1. Employees shall have unrestricted access to potable (drinkable) water.
- 1.6.2. Employees shall have unrestricted access to clean lavatory facilities, with gender appropriate segregation.
- 1.6.3. Where applicable, facilities for food preparation and storage need to be sanitary and meet Legal requirements.

1.7. Manage infectious diseases

- 1.7.1. Where infectious diseases are prevalent, suppliers should have a clear policy for addressing these in the workplace.
- 1.7.2. Suppliers should have a prevention and treatment strategy linked to programmes of care for those with infectious diseases.
- 1.7.3. If treatment programmes are provided, these should be founded on principles of voluntary testing, while ensuring patient confidentiality.

1.8. Contribute to Anglo American safety performance and innovation

- 1.8.1. All suppliers conducting work on behalf of Anglo American must comply with all applicable safety and health requirements (including local Law, relevant Anglo American policies and technical standards and any other site-based requirements).
- 1.8.2. Suppliers are reminded of the consequences of non-compliance and are encouraged to raise and clarify safety and health expectations prior to any contract award.
- 1.8.3. Suppliers are encouraged to identify opportunities to improve the safety performance of Anglo American, through the sharing best practices and observations.
- 1.8.4. Suppliers shall notify Anglo American of safety related incidents linked to equipment or services provided to other customers and advise on preventive actions.

1.9. Dormitory accommodation (where provided) meets health and fire code requirements

- 1.9.1. All accommodation provided must comply with Legal requirements, be clean, safe and meets the basic needs of the workforce.
- 1.9.2. Dormitories must comply with all fire regulations and have appropriate smoke detectors, audible alarms and suitable means of extinguishing fire.

Suppliers must protect the environment:

2.1. Comply with all applicable Legislation, regulations, by-laws and any guidelines, striving towards best practice

- 2.1.1. Suppliers are expected to maintain all environmental related documentation - including permits, licenses, emission certificates, safe disposal certificates and other records as required by Law.
- 2.1.2. Where applicable, including where recognised as best practice in that industry, suppliers are encouraged to undertake the latest versions of 3rd party responsible environmental management certification schemes (e.g. biodiversity, ISO 14001, ISO 50001).
- 2.1.3. Suppliers are reminded of the consequences of non-compliance and are encouraged to raise and clarify environment related expectations prior to any contract award.

2.2. Conduct risk assessments and manage environmental risks

- 2.2.1. Suppliers shall assess and manage environmental related risks, with written procedures and work instructions.
- 2.2.2. Chemicals and hazardous materials must always be handled safely and disposed of appropriately.
- 2.2.3. Procedures must be in place to manage the prevention and containment of spillages and other potential accidental discharges.
- 2.2.4. Suppliers shall maintain a high level of emergency preparedness to manage any potential environmental emergency.

2.3. Use water responsibly and strive to limit environmental harm

- 2.3.1. Water usage shall be monitored. Where possible, opportunities to reduce usage shall be implemented.
- 2.3.2. Measures aimed at improving management of waste, reducing energy, limiting Green-House Gasses (GHG) and air emissions, monitoring waste-water and other discharges are encouraged.
- 2.3.3. Suppliers should strive to eliminate unnecessary packaging.
- 2.3.4. Suppliers are encouraged to safely recycle or re-use by-products.
- 2.3.5. For some supplier industries, environmental disclosures such as GHG and air emissions, energy efficiency and waste management is a supply requirement.

2.4. Comply with Anglo American site requirements (applicable to all work conducted on Anglo American sites)

- 2.4.1. Suppliers conducting work on, or supplying directly to Anglo American sites must comply with all site specific environment requirements.
- 2.4.2. Site-based contractors shall obtain requisite written approval should activity result in land disturbance e.g. cutting down of trees, etc.
- 2.4.3. Site-based contractors shall ensure that all materials and chemicals brought onto site will have up to date Material Safety Data Sheets (MSDS' s), be in original labelled containers, and appropriate care is taken during handling of these materials.
- 2.4.4. Site-based contractors shall ensure that all chemicals brought onto site, and any waste generated through their activities, are properly segregated, stored and disposed of in accordance with Legal requirements.



Suppliers shall respect all labour and human rights through their value chain:

3.1. Not use child labour

- 3.1.1. The age of labour shall always be the higher of National Legislation or 15 years.
- 3.1.2. Practices shall be in place to prohibit recruitment of child labour.
- 3.1.3. In territories where 'light work' is allowed for young workers, employers shall assure that this neither harms health, nor impacts attendance and ability to benefit from school, careers or training programmes.

3.2. Combat all forms of Modern Slavery – including the elimination of trafficked, forced, bonded and involuntary prison labour

- 3.2.1. Appropriate practices shall be in place to prohibit the use of human trafficking when recruiting employees.
- 3.2.2. Original identity or travel documents of employees shall not be retained.
- 3.2.3. Suppliers are encouraged to increase visibility and raise awareness of modern slavery and human trafficking risk with other business partners.
- 3.2.4. Suppliers shall assure the existence of appropriate mechanisms to evaluate and address risks of modern slavery and human trafficking.

3.3. Prohibit the lodging of “security deposits”

- 3.3.1. No employee, including employees of suppliers’ sub-contractors, shall pay for the right to work i.e. direct payments to the supplier and recruiting fees paid to the supplier.
- 3.3.2. No employee shall be required to lodge any “deposits” or other refundable securities to the supplier company. Employers shall neither deduct or withhold any salary portion towards security deposits.

3.4. Oppose unfair or inhumane treatment of the workforce, including all forms of bullying and harassment

- 3.4.1. Inhumane treatment of the workforce, including any form of physical, sexual or verbal abuse, harassment, bullying or any other forms of intimidation, including the threat of abuse shall not be tolerated.
- 3.4.2. Employers should create policies and implement programmes to increase awareness of worker rights, including the acceptable treatment of the workforce.

3.5. Allow freedom of association

- 3.5.1. The right of the workforce to collectively bargain, join trade unions, or other similar organisations shall be respected.
- 3.5.2. Suppliers must ensure that there is zero retribution to employees who wish to participate in forums which allow for collective bargaining.

3.6. Maintain working hours which meet Legal requirements and operate shifts under 12 hours

- 3.6.1. Working hours shall be the lower of ILO guidelines or National Legislation. This is typically a maximum of 40 hours per week, excluding overtime.
- 3.6.2. Working hours, inclusive of overtime, shall not exceed 12 hours in any 24-hour period unless a written directive is provided by the respective Government Ministry.
- 3.6.3. A minimum of 24 consecutive hours of rest shall be provided within every 7-day period.

3.7. Demonstrate that overtime is voluntary, within Legal limits and appropriately compensated

- 3.7.1. Overtime shall never be excessive, not be regular and remain voluntary. Evidence of voluntary overtime may be requested.
- 3.7.2. Overtime shall always be compensated at the premium rate prescribed by Legislation.

3.8. Maintain fair and Legal terms of employment

- 3.8.1. All terms of employment – including, but not limited to, wages and benefits shall at minimum meet Legal requirements.
- 3.8.2. All employees shall be provided with a copy of their employment contract.

3.9. Not permit unauthorised or illegal salary deductions

- 3.9.1. Deductions from wages – either as a disciplinary measure, or those not permitted by National Law - shall not be tolerated.
- 3.9.2. All employees shall be provided with payslips, prior to payment, which contain compensation and deduction details (as applicable).
- 3.9.3. Where loans are provided to employees, these are to be done in accordance with responsible lending practices and any prevailing laws.

3.10. Eliminate irregular employment

- 3.10.1. Regular employment shall be provided. Suppliers shall eliminate the continued use of fixed or short-term contracts, or mechanisms which avoid granting of legally mandated benefits to workers.
- 3.10.2. All probationary periods for new employees must be consistent with Legal requirements.

3.11. Eliminate illegal and unfair discrimination

- 3.11.1. All forms of illegal or unfair discrimination shall be eliminated. This includes discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation, or on the basis of real or perceived HIV/AIDS status or other infectious diseases.

3.12. Promote an inclusive workplace

- 3.12.1. Employers are encouraged to promote workplace diversity, striving to create an environment where individuals are respected and bring their 'whole self' to work.

Suppliers shall be good corporate citizens within the communities where they and we operate. To this end, suppliers shall:

4.1. Respect rights of communities and individuals

- 4.1.1. Suppliers must respect the human dignity and the rights of individuals and of the communities associated with their operations, consistent with the UN Guiding Principles on Business and Human Rights and other accepted human rights norms.
- 4.1.2. Suppliers must be aware of the cultural heritage and traditions of indigenous communities. All community matters must be handled in a spirit of respect, trust and dialogue.

4.2. Promote workplace practices which respect inclusion and diversity

- 4.2.1. All suppliers, including site contractors, shall ensure that recruitment, procurement and social investment activities create opportunities in an inclusive and diverse way.
- 4.2.2. Where possible we encourage all suppliers to direct efforts to improve the lives of mining host communities where they and Anglo American operates.



In addition to requirements of 04A, all Multi-National suppliers and site-based contractors are expected to contribute to the well-being of our host communities in which they operate.

4.3. Alignment with Social and Economic improvement activity

- 4.3.1. Where Multi-National suppliers and site based contractors undertake social investment in Anglo American host communities,
- 4.3.2 Multi-National suppliers and site based contractors are also encouraged to explore opportunities for co-funding of social investment initiatives with Anglo American.

Social and Economic improvement may take many forms including:

- Identifying opportunities for host community recruitment, in particular reserving work for local workers.
- Transferring critical skills to host communities.
- In consultation with Anglo American, conducting transparent and inclusive procurement processes which increase the participation of host community suppliers.
- In consultation with Anglo American, investing in social projects and community benefit development initiatives.
- In consultation with Anglo American, identifying and working collaboratively on initiatives which improve host community well-being.



4.4. All site-based contractors are to understand and mitigate potentially negative social impacts

- 4.4.1. Site-based contractors must adopt and follow processes to define social impacts and risk.
- 4.4.2. Site-based contractors are expected to conduct activities in a manner which mitigates social impact. In particular:
 - Social incidents and grievances relating to work undertaken for Anglo American shall be managed in a manner consistent with Anglo American requirements and in consultation with the relevant Anglo American operation.
 - Site-based contractors are encouraged to refer to the publicly available Anglo American Socio-Economic Assessment Toolbox (SEAT) – and engage directly with Anglo American, for additional guidance on social impacts.
 - Where contractors are employing non-local labour they shall ensure that these employees are provided accommodation that meets National minimum standards in terms of safety, cleanliness and compliance with building and planning regulations.
 - Where contractors have their own security or are providing security to Anglo American this shall be done in compliance with local Law, Anglo American’s standards and the Voluntary Principles on Security and Human Rights.
- 4.4.3. Where any host community or other sensitive stakeholder requires engagement by the on-site contractor, this shall be done in conjunction with the relevant Anglo American operation.
 - Commitments made to Anglo American host communities, for example in respect of jobs, procurement opportunities or measures taken to mitigate adverse social or environment impacts, shall be agreed with the relevant Anglo American operation in advance of the commitment.
 - Regular status updates on these commitments will be provided to the operation.

Suppliers must conduct business with the utmost integrity and always act in a proper manner, fairly and lawfully:

5.1. Oppose bribery

5.1.1. Suppliers shall neither give nor accept bribes, kickbacks or facilitation payments, nor permit others to do so in their name.

5.2. Do not offer gifts, entertainment and hospitality to Anglo American

5.2.1. Suppliers, its employees and contractors should refrain from offering any items to Anglo American personnel. This includes but is not limited to offers of gifts, entertainment and hospitality or acts which could be perceived to gain unfair advantage.

5.3. Do not engage in unfair commercial practices

5.3.1. Suppliers shall not engage in any practices involving corruption, anti-competitive business practices, or any acts that could be perceived as market abuse or manipulation.

5.4. Manage conflicts of interest

5.4.1. Suppliers must appropriately manage actual or perceived conflicts of interest when working with Anglo American. Potential conflicts of interest must be declared in advance of any dealings with Anglo American personnel.

5.4.2. Suppliers should be aware of the risk of association with “politically exposed persons” (PEP) and declare these in all dealings with Anglo American.

5.5. Maintain information security

5.5.1. Suppliers shall safeguard against the improper use, loss, theft, abuse, unauthorised access or disposal of Anglo American or third-party information, assets and property.

5.5.2. Suppliers shall comply with all applicable privacy Legislation. Where suppliers utilise or process personal data on behalf of Anglo American, sufficient assurances must be provided to ensure that the requirements of applicable privacy Legislation are met.

5.6. Comply with anti-money laundering laws, anti-terrorism financing laws and trade regulations

5.6.1. Suppliers must comply with all applicable laws relating to the prevention of money laundering and to the combating of terrorism.

5.6.2. Suppliers must comply with all applicable trade laws (including economic sanctions, and import and export laws).

5.7. Encourage “whistleblowing” and speaking up against unethical behaviour

5.7.1. Suppliers are expected to be transparent and accountable in their business dealings. To that end, we strongly encourage the adoption of confidential “whistleblowing” channels to raise concerns.

5.7.2. Whistleblowing processes should ensure that there is zero retribution to persons who raise concerns in good faith.

5.7.3. Suppliers, including their employees, are encouraged to use the Anglo American ‘Speak up’ facility to report any potential violations of this Standard.

REPORTING POTENTIAL VIOLATIONS

We encourage suppliers, including their employees to refer to the Anglo American Whistleblowing Policy or use the independently managed ‘Speak Up’ facility to report any potential or actual breach of this Standard, Legal requirements or inappropriate behaviours exhibited by Anglo American staff.

www.speak-up-site.com

Email:	anonymous@ speak-up-site.com
Tel:	
Australia:	1800 057 950
Brazil:	0800 095 9032
Canada:	1866 451 1590
Chile:	800 363 515
Peru:	0800 55592
South Africa:	0800 230 570
United Kingdom:	0800 032 4475

REFERENCED INFORMATION

The following have been used as reference points in the development of this Standard:

- Anglo American Code of Conduct
- Anglo American Human Rights Policy and Framework
- Anglo American SHE (Safety, Health and Environment) Policy
- Anglo American Social Way and Socio Economic Assessment Toolkit (SEAT)
- California Transparency in Supply Chains Act
- Ethical Trading Initiative (ETI) Basecode
- International Council on Mining and Metals: Framework for Sustainable Development
- International Labour Organisation Core Labour Standards
- International Standards Organisation 9001 / ISO 9001 (Quality Management), 14001 / ISO 14001 (Environmental Management) and 26000 / ISO 26000 (Social Responsibility)
- Occupational Health and Safety management – including OHSAS 18001 and ISO 45001 (draft)
- Social Accountability 8000 (SA8000) standard
- UK Modern Slavery Act 2015
- United Nations Global Compact
- United Nations Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- Voluntary Principles on Security and Human Rights
- Social Accountability 8000 (SA 8000)
- Anglo American Group Sustainability Strategy
- United Nations Sustainable Development Goals



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