

# FREQUENTLY ASKED QUESTIONS ON RESPONSIBLE SOURCING

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

We are committed to working with suppliers who comply with applicable laws, while striving for 'Zero Harm' to people, society and our environment.

This guidance supports suppliers to better understand Responsible Sourcing implementation and assessment requirements.

Please note that the information contained in this document is provided without warranty and may not consider the unique situation of individual suppliers.

The Responsible Sourcing Standard for Suppliers and other materials are available on our corporate website: [www.angloamerican.com/suppliers/responsible-sourcing](http://www.angloamerican.com/suppliers/responsible-sourcing)

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## Understanding Responsible Sourcing

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.

We are committed to working with suppliers who comply with all applicable laws, while striving for 'Zero Harm' to people, society and our environment.

Responsible Sourcing consists of '5 Pillars':

① **Protect Safety and Health**

② **Protect the Environment**

③ **Respect Labour and Human Rights**

④ **Increase Social Accountability**

⑤ **Conduct business fairly and with Integrity**

The full Responsible Sourcing Standard for Suppliers is available on our corporate website: [www.angloamerican.com/suppliers/responsible-sourcing](http://www.angloamerican.com/suppliers/responsible-sourcing)

## 1. What is the difference between responsible sourcing, ethical sourcing, sustainable sourcing and social audits?

These are all similar names for the same concept –any approach which looks at labour rights (including employment practices), workplace health and safety, business integrity practices and environmental practices of suppliers can be considered in this category.

Companies tend to use different names to differentiate their approach and in some cases, have their own name for the programme e.g. Coca Cola calls this ‘Supplier Guiding Principles’ or SGP.

## 2. What is expected from suppliers?

There are 4 steps to the programme:

- 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 a 3<sup>rd</sup> Party audit**  
Suppliers may be required to provide evidence of previous Responsible Sourcing audits, or be requested to conduct a new, 3<sup>rd</sup> party audit.
- 4. Manage your risk**  
We expect suppliers to develop plans with realistic timelines to address responsible sourcing requirements, and any issues identified during the SAQ or audit process.

## 3. Is this a new requirement of doing business with Anglo American?

No, Anglo American launched its Sustainable Development in the Supply Chain Policy and Code in 2009 and these requirements are included as standard conditions with suppliers.

Responsible sourcing makes updates to these requirements.

## 4. Why have my other customers not asked me for this information before?

Different mining companies have different approaches to responsible sourcing, recently we have seen more growth in this area through Industry driven approaches e.g. via the ICMM and the Minerals Council of South Africa, and an increase in efforts from peer mining companies.

*“There’s a right way to make products. It starts with the rights of the people who make them.” – www.apple.com*

Other industries, e.g. apparel, electronics and fast-moving-consumer-goods have been running responsible sourcing programmes since the 1990’s.

Soon, responsible sourcing will be a standard requirement for doing business for all suppliers to every major mining company.

## 5. What is a Self-Assessment Questionnaire (SAQ)?

The Self-Assessment Questionnaire (SAQ) is practical survey questionnaire.

Most of the questions are multiple-choice and most suppliers should be able to complete the SAQ in under 45 minutes.

When we designed the SAQ, we also wanted suppliers to use tool to better understand our requirements. The SAQ is divided into various sections based on the type of goods or services you provide to Anglo American.

An ‘offline’ version of the SAQ is located on our website, suppliers are encouraged to download it to better understand the requirements.

Suppliers will receive a formal request to complete the SAQ from Anglo American, this would typically be at sourcing events or during registration.

## 6. How often would I have to complete a Self-Assessment Questionnaire (SAQ)?

We recommend that suppliers regularly review the SAQ and make updates if there are changes in your business.

We will require suppliers to review the SAQ at minimum every 18 months.

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## 7. Why have I been requested to undertake an audit?

We use a sample and risk based approach (typically considering spend, criticality of equipment/service, type of industry, number of people employed, etc.) when identifying suppliers for an audit.

The audits provide suppliers and ourselves with an independent view of sustainability performance and risk—we use some of that data to better engage with suppliers to manage their risk.

**Note: Suppliers who do not complete a SAQ within the requested timeframe are automatically flagged for an audit.**

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## 8. I have already done an audit – will I have to do this again for Anglo American?

If you have scheduled, or already obtained independent 3rd party audit/certification/assessment against an accepted standard\*, please forward the audit reports to our team who will then assess and provide feedback on any further information required.

You may email this to [RS@Angloamerican.com](mailto:RS@Angloamerican.com)

We do not want suppliers to go through additional effort and cost if there are existing documents we could use and will evaluate these on a case by case basis.

\*Accepted Standards include:

- SMETA (SEDEX Members Ethical Trade Audit) ([www.sedex.org.uk](http://www.sedex.org.uk))
- The Ethical Trading Initiative (ETI) Basecode ([www.ethicaltrade.org](http://www.ethicaltrade.org))
- Social Accountability International - SA 8000 Standard ([www.sa-intl.org](http://www.sa-intl.org))
- The Business Social Compliance Initiative (BSCI) Standard ([www.bsci-eu.org](http://www.bsci-eu.org))
- Global Social Compliance Protocol (GSCP) equivalency audit (including ISO 26000)
- Social / Ethical audits that may have been conducted on behalf of other Mining, Petroleum or Heavy Industrial customers

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## 9. Who will pay for the responsible sourcing audit?

**Note: Audits will only be required from a sample of Anglo American suppliers, you will only be expected to plan for an audit once you receive an official notification request.**

Audit costs are the responsibility of the supplier and should be considered as a normal business expense similar to an ISO / Quality / Safety or equivalent type of 3<sup>rd</sup> party audit.

We have taken a broad view on the types of audits which are acceptable, in order to reduce duplication of effort and have negotiated preferential rates for our suppliers with accredited auditors to support your selection of an auditor. The typical cost of an audit varies between 3<sup>rd</sup> party audit companies.

Paying and owning your own audit ensures:

- Reduced duplication of cost and effort by allowing you to share this information with multiple customers, in multiple industries
- As the owner of the data you may use your results to market your organisation
- External reliance and credibility of the reports as these are conducted by independent auditors
- That you have benchmarked your ethical, production and management practices against world class standards

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## 10. What if I cannot pay for cost of an audit?

We recognise that the responsible sourcing audit cost may could pose a cash flow challenge for some of our suppliers, we have *therefore* set aside budget to cover the audit costs for selected Small and Medium (SMME) suppliers. This will be agreed on a case-by-case basis.

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## 11. How often would I have to conduct an audit?

At a minimum, an audit needs to be conducted every 3 years – these would typically be where there are no / low risk issues identified, or all your corrective actions can be easily closed out.

Where higher risk issues are identified, more regular follow-up audits may be needed to ensure that issues are closed out.

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## 12. Where do I obtain a list of auditors from? Can I choose my own auditor?

Anglo American has Global agreements in place with Intertek and Elevate / Partner Africa. You may however choose to use your preferred audit firm, at a minimum, we recommend using auditors who:

1. Are members of the SEDEX Associate Auditor Group (AAG), these firms are able to meet stringent criteria and quality in their offering  
A list of AAG members can be found on this link <http://www.sedexglobal.com/ethical-audits/aag/>
2. Have an extensive understanding of local laws and have team members who speak local languages
3. Have experience in your industry

### 13. How do I prepare for an audit?

1. The SAQ provides an outline of all data and information that will be verified through an audit.
2. Auditors need to have access to records and data relating to personnel and training. In addition, we request that management provide an A3 (or larger) scale site drawing for use during the audit. It's important that these plans show the different rooms and areas of the plant.
3. Auditors will require access to a workroom where they are able to store equipment and interview production employees.
4. It is typical during the audit to take digital photographs to assist the reporting progress. Should you have any concerns on the confidential nature of the photographs, this should be raised with the auditors prior to the audit, or at the latest case, during the opening meeting with the auditors.
5. Finally, the management team needs to be open to the process and willing to discuss any issues identified

### 14. What employment, wage and payroll information will be checked during an audit?

The aim is to verify that legally agreed benefits are provided to employees that are considered most at risk – practically this would mean production workers, cleaning staff and any worker who is not employed in a supervisory or management position.

For these categories of workers, there are generally published and agreed sector wage rates and working hours – the assessment will review time and attendance information and validate that payment is consistent with these agreements. Employee files will be reviewed to ensure that valid contracts are maintained, identity copies of employees are maintained and all other legal obligations fulfilled.

**Please note: Employment and payment information related to Management staff, Directors and Owners is excluded from the audit scope.**

### 15. How can I be sure that the SAQ and audit data will remain confidential?

Anglo American has signed confidentiality agreements with each of our suppliers as a condition of service. You may also request that the audit companies sign additional confidentiality clauses during your discussions with them.

We are aware that you may be producing sensitive items for other customers, and we request that this is brought to the attention of the auditing team in advance audit, or during the opening meeting.

### 16. What happens if I fail an audit?

It is important to understand that these are not designed as “pass or fail” audits. The purpose of the audit is to verify your practices and to assist in the remediation of any issues in a sustainable manner.

Participation in the process enables our suppliers to manage risk, assess their own health, improve management systems and processes and better understand employee issues - these bring about sustainable, measurable improvement in business.

**Should a supplier willfully not take action towards remediating risk issues, we consider this as a 'Material Breach'. This constitutes non-compliance with the Responsible Sourcing requirements and therefore a breach of the Supply Agreement, and may be dealt with accordingly.**

### 17. I have completed the SAQ and audit - what happens next?

Should the SAQ or audit identify any risk areas or non-compliances, we expect suppliers to develop a remediation plan with realistic timeframes to close-out issues and communicate this to your Anglo American procurement contact.

### 18. Will I receive a feedback after completing the SAQ?

Yes, we will provide you with high level feedback based on your responses.

We invite you to contact us should you require more detailed feedback on [RS@angloamerican.com](mailto:RS@angloamerican.com)



## 19. Reporting potential violations

We encourage suppliers, including their employees and business partners to use the independently managed 'Speak Up' facility to **confidentially report** any potential or actual:

- breaches related to responsible sourcing,
- legal requirements, or
- inappropriate behaviours exhibited by Anglo American staff

**Website:** [www.speak-up-site.com](http://www.speak-up-site.com)

**Email:** [anonymous@ speak-up-site.com](mailto: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

## 20. Sample responsible sourcing audit agenda

TIME REQUIRED	STEPS INVOLVED	KEY STAFF
45 Minutes	<b>Opening Meeting</b> <ul style="list-style-type: none"> <li>• Explanation of the audit scope, deliverables and process</li> <li>• Review of your self-assessment information</li> <li>• Review of the document request list</li> <li>• Identification of documentation to be prepared for review</li> </ul>	<ul style="list-style-type: none"> <li>• Site Manager</li> <li>• Human Resource Manager</li> <li>• Environmental Health and Safety Manager</li> </ul>
60 Minutes	<b>Site Inspection</b> <ul style="list-style-type: none"> <li>• Understanding the different areas of your site</li> </ul>	<ul style="list-style-type: none"> <li>• Site Manager</li> <li>• Environmental Health and Safety Manager</li> </ul>
120 Minutes	<b>Document Review</b> <ul style="list-style-type: none"> <li>• Review of management documentation</li> <li>• Review of employee personnel files</li> <li>• Review of wages and payroll related information</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resource Manager</li> <li>• Payroll Clerk</li> <li>• Environmental Health and Safety Manager</li> </ul>
180 Minutes	<b>Interviews with production employees</b>	<ul style="list-style-type: none"> <li>• Production Staff only</li> </ul>
30 Minutes	<b>Secondary Site Inspection</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
30 Minutes	<b>Preparation of Onsite Report</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
60 Minutes	<b>Presentation of Onsite Report to Management</b>	<ul style="list-style-type: none"> <li>• Site Manager</li> <li>• Human Resource Manager</li> <li>• Environmental Health and Safety Manager</li> </ul>

### ANGLO AMERICAN SUPPLY CHAIN

For queries, please contact

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**Real Mining. Real People. Real Difference.**