



# ANGLO AMERICAN SOCIAL WAY POLICY

Valid from:	01/01/2020
Policy owner:	Group Director Strategy and Sustainability



**“Our Policies guide us  
to do the right thing.”**

Chief Executive

## 1. Context

The Policy is principles-based and will be publicly disclosed. The Policy:

- sets out Anglo American's vision and principles for Social Performance
- defines Anglo American's system for Social Performance management
- provides a high-level overview of the requirements for Social Performance management

Social Performance encompasses our interactions, activities and outcomes with respect to local communities and other local stakeholders in those areas affected by our mining activities. Social Performance is not philanthropy for reputational purposes nor is it focused solely on those activities required to satisfy local legal or regulatory requirements. Rather, Social Performance is essential for achieving our strategic business objectives while ensuring the Anglo American Group avoids harm and creates an environment in which communities impacted by our operations can prosper sustainably.

### **The Social Way Toolkit and Assurance Framework**

This Policy is supported by the Social Way Toolkit and the Social Way Assurance Framework. Together, they form the Social Way Management System.

The Social Way Toolkit is publicly disclosed and contains detailed guidance on the standards, processes and procedures required for effective Social Performance through implementation of the Social Way Policy. The Social Way Management System (2019) replaces both the Socio-Economic Assessment Toolkit (SEAT) and the Social Way V2.

The Social Way Assurance Framework is an internal guideline and outlines the requirements and processes through which sites are to be assessed for compliance with the Social Way Policy.

For ease of reading, we use generic language in describing the Group, and this is explained further under "Terms" at the end of this document.

## **2. Scope and Application: Does this apply to me?**

### **Global reach, throughout life of asset**

This is a Group Policy that is to be adopted and implemented at all Anglo American managed sites globally, throughout their life of asset. For the purpose of this Policy, a site refers to: early and advanced exploration activities, projects, mines and processing facilities in operation, care and maintenance/other suspension of activities, closure and post-closure.

### **Projects**

The Social Way Policy applies to projects and is incorporated in the Investment Assurance Review process. The Investment Development Model – Investment Criteria by Stage governance documents outline how the Social Way Policy's principles and requirements should be applied throughout the Project phases.

### **Anglo American employees and managed sites**

The Social Way Policy is to be adopted and implemented at all sites managed by the Anglo American Group and to be applied by all Anglo American employees at Group, business and site level. The Policy sets out minimum standards only and business and managed sites are responsible for adapting those policies and procedures to reflect local conditions and legal requirements where appropriate, and for the day-to-day implementation, oversight monitoring and reporting within their specific businesses. Any changes required to the Policy to ensure compliance with local legal requirements will be promptly notified to the Group Head of Social Impact.

### **Non-managed sites**

Where Anglo American does not manage a site, but is associated with a site through a business relationship (such as a joint venture or other business partnership), it will seek to influence that site to adopt a Social Performance standard commensurate with the

### **Contractors and suppliers**

The Social Way Policy applies to our contractors, suppliers and other parties in relation to the activities they conduct on our behalf at our sites and such parties should be required to adhere to it.

### **Cross-functional approach**

Social Performance is part of an integrated approach to managing our sites' impacts and risks. Accountability for the implementation of the Social Way Policy is therefore multi-disciplinary and includes but is not limited to: Social Performance; Risk; Operations; Safety, Health and Environment; Security; Human Resources; Legal; Mine Planning; and Supply Chain.

## Mergers, acquisitions and disposals

The Principles outlined in this Policy are also to be used to inform the due diligence conducted as part of our mergers, acquisitions and disposal of assets.

This is a Group Policy that applies to Anglo American globally, unless any aspect of the Policy is not permitted by local law or regulation.

## 3. Vision and Principles: What do I need to know?

### Vision

To deliver a lasting, positive contribution to local communities and those affected by our activities.

### Principles

To achieve our vision, we apply the following principles:

- We integrate Social Performance into core planning and business management processes such as the Operating Model, and we develop long-term strategies through Life of Asset planning to deliver on the critical foundations and stretch goals of our Sustainable Mining Plan.
- In accordance with our Group Human Rights Policy, we respect human rights and support the UN Guiding Principles on Business and Human Rights (UNGPs)<sup>1</sup> and apply the Voluntary Principles on Security and Human Rights (VPSHRs)<sup>2</sup>.
- We proactively, meaningfully and respectfully engage with all of our stakeholders in accordance with the International Finance Corporation (IFC) Performance Standard 1 on Assessment and Management of Environmental and Social Risks and Impacts<sup>3</sup>.
- Our engagement approaches are gender-sensitive, inclusive and designed to maximise effective participation of stakeholders, especially where these include vulnerable and disadvantaged groups - in particular those relating to characteristics protected by local legislation. We apply a process of informed consultation and participation with potentially affected stakeholders. When engaging with Indigenous Peoples, we apply the principles of Free, Prior and Informed Consent in accordance with the International Council on Mining and Metal's (ICMM) Position Statement<sup>4</sup> and Good Practice Guide<sup>5</sup> on Indigenous Peoples and Mining.
- We adopt an integrated and multi-disciplinary approach to identifying and managing social and human rights impacts and risks, seeking to align with the IFC

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<sup>1</sup> 2011

<sup>2</sup> 2000

<sup>3</sup> 2012

<sup>4</sup> 2013

<sup>5</sup> 2015

Environmental and Social Performance Standards<sup>6</sup> and the UNGPs. We apply the mitigation hierarchy approach by first assessing, seeking to avoid, minimising, mitigating and then remediating potential negative impacts and risks arising from our sites' activities, in particular our salient social and human rights risks related to: labour; security; communities; supply chain; and health, safety and environment. We monitor and evaluate the effectiveness of impact and risk management measures and take corrective action as needed.

- We design and implement incident and grievance management systems in line with the effectiveness criteria outlined in the UNGPs: legitimate; accessible; predictable; equitable; transparent; rights-compatible; a source of continuous learning; based on engagement and dialogue; and proportional to the level of risk and adverse impacts of our sites.
- We deliver on the commitments we make to local communities and other external stakeholders.
- We contribute to the long-term well-being of local communities through appropriate socio-economic-development initiatives. We develop, resource and implement these initiatives through sustainable and transparent partnerships in a safe, ethical and participatory manner.
- We comply with the laws and regulations of the jurisdictions in which we operate. In situations where there is a discrepancy between domestic legislation and the Social Way Policy, we endeavour to uphold the higher standard, while ensuring compliance with law.

## **4. Requirements: What do I need to do?**

The requirements to ensure compliance with this Policy are outlined below at a high level only. Further details, including on the application of the requirements throughout the asset lifecycle, are included in the Social Way Toolkit and Assurance Framework.

### **1. Governance**

Sites shall develop, document and implement a cross-functional Social Performance Management Committee (SPMC).

The purpose of the SPMC is to address the multi-disciplinary nature of Social Performance management by ensuring coordination and information-sharing about cross-functional Social Performance issues.

The SPMC supports all governance aspects of the Social Way Policy, including leadership, resourcing, capability and monitoring and evaluation at site-level.

### **2. Review and Planning**

Each site shall develop a Social Management Plan (SMP) outlining long-term Social Performance objectives, which shall be based on relevant baseline data, an understanding

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<sup>6</sup> 2012

of affected stakeholders and their feedback, an assessment of adverse social and human rights impacts and risks and an analysis of grievances and incidents. It should be informed by operational planning, the Life of Asset Plan and the Sustainable Mining Plan.

The baseline data shall be updated every five years and the long-term Social Performance objectives and SMP shall be updated accordingly, or more frequently as needed.

On an annual basis, sites shall prepare a plan outlining their activities for the upcoming year which shall cover:

- The activities, resources, budgets and accountabilities needed to achieve the long-term Social Performance objectives; and
- A monitoring framework with indicators and targets to track progress against the annual activities and the long-term Social Performance objectives.

Annual activities shall be informed by ongoing stakeholder engagement, incidents and grievances and an assessment of adverse social and human rights impacts and risks.

The SMP shall summarise the long-term SED objectives and the activities required to deliver on the objectives of the Thriving Communities pillar of the Group's Sustainable Mining Plan.

The SMP shall include a Social Commitments Register to document, monitor and report on the progress against implementation of social commitments.

Sites shall publicly consult on and disclose a summary of their SMP every five years.

### **3. Engagement and Analysis**

#### *3a. Stakeholder Engagement*

Sites shall engage in inclusive, meaningful and participative discussions and consultations with affected stakeholders on an ongoing basis. Sites shall develop and implement a Stakeholder Engagement Plan and update it at least annually. Sites shall establish and maintain a Community Engagement Forum, which is a commitment in our Sustainable Mining Plan.

#### *3b. Incident and Grievance Management*

A site-level grievance management procedure shall be implemented. All grievances shall be screened.

A site-level integrated incident management procedure as required by the S&SD Group Standard on Integrated Incident Management which includes the management of incidents with a social consequence shall be developed.

Screened-in grievances and incidents with a social consequence shall be investigated and closed-out in alignment with the S&SD Group Standard on Integrated Incident Management.

### *3c. Social and Human Rights Impact and Risk Analysis*

All sites shall conduct a Social and Human Rights Impact and Risk Analysis (SHIRA) on an annual basis throughout the Life of Asset and in accordance with the requirements of the Anglo American Integrated Risk Management Policy and the Anglo American Operational Risk Standard. All adverse impacts and risks shall be identified, documented and prioritised, and prevention and mitigation measures shall be developed and implemented accordingly.

Further guidance on the key elements to be considered in impact and risk assessment and management are listed under section 4 on Impact and Risk Prevention and Management.

## **4. Impact and Risk Prevention and Management**

Sites shall conduct a screening exercise to identify whether one or more of the topics from 4a to 4k below apply. Socio-Economic Development (4a), Contractor Social Management (4b), Community Health and Safety Management (4c), Emergency Management Planning for Site-Induced Emergencies with Off-Site Impacts (4d), and Security Management and the Voluntary Principles on Security and Human Rights (4e) are always screened in.

### *4a. Socio-Economic Development*

Sites shall develop a Socio-Economic Development (SED) Plan, drawing on relevant baseline data and internal context information, which inform the prioritisation of SED components and the desired outcomes of their requisite SED projects and programmes. The development of the SED Plan shall involve, and be validated by, relevant stakeholders and be reviewed and adjusted during implementation.

The SED priorities are determined by identifying the key SED components contributing to a Thriving Community that are of the greatest benefit for communities and align with the strategic objectives of the business.

The SED projects identified for each SED component shall be based on a theory of change that includes a clear outcome for the identified beneficiaries, assumptions, activities and milestones that indicate progress towards the stated desired outcome.

On an annual basis, sites shall prepare an activity plan for the upcoming year, which shall cover:

- Scoping, launch and implementation of SED projects;
- Resource management, including budgets, staffing, and training plans;
- Communications for the SED Plan and at the SED project level; and
- Monitoring and evaluation indicators and activities for SED projects and the SED Plan.

Sites shall review and confirm the validity of the SED Plan on an annual basis based on monitoring and evaluation results. The results of the five-yearly baseline data update and review may require a more thorough update of the SED Plan.

**4b. Contractor Social Management:** Sites shall comply with the Group Contractor Performance Management Standard and avoid and minimise material adverse social impacts, and maximise positive impacts that could arise through the activities of our contractors.

**4c. Community Health and Safety Management:** The health and safety impacts of our activities on local communities will be identified, assessed and managed through the impact assessment and -management process, aligned with the requirements of IFC Performance Standard 4 on Community Health, Safety and Security .

**4d. Emergency Management Planning for Site-Induced Emergencies with Off-Site Impacts:** Sites shall identify potential site-induced emergencies that may impact on communities and develop and implement an emergency management plan involving potentially affected external stakeholders, aligned with the requirements of IFC Performance Standard 4 on Community Health, Safety and Security. This shall include regular training with internal and external stakeholders, including functional and field exercises.

**4e. Security Management and the Voluntary Principles on Security and Human Rights:** Security-related risks and impacts shall be assessed and managed in accordance with the Voluntary Principles on Security and Human Rights, and IFC Performance Standard 4 on Community Health, Safety and Security.

**4f. Land Access, Displacement and Resettlement:** Sites shall manage the use and development of land in a sustainable manner that minimises impacts on local communities. Sites shall seek to avoid and, when avoidance is not possible, minimise involuntary resettlement by exploring alternative project designs. All resettlement, including physical and economic displacement, shall be considered involuntary and managed as such. Where resettlement is unavoidable, IFC Performance Standard 5 on Land Acquisition and Involuntary Resettlement shall be followed, and sites shall seek advice and approval from Group Social Impact. Resettlement shall be treated as a Project and follow the Investment Development Model requirements for resettlement Projects. Impacts associated with land acquisition shall be identified, assessed and managed as required.

**4g. Site-Induced Migration:** Sites shall assess the risks and potential impacts of site-induced migration and develop, implement and monitor mitigation measures accordingly, including through the development of a Site-Induced Migration Management Plan where relevant.

**4h. Cultural Heritage:** Sites shall seek to avoid, and where avoidance is not possible, minimise impacts on cultural heritage. All sites are required to have a Chance Find Procedure, and where cultural heritage will potentially be impacted sites shall develop and implement a Cultural Heritage Management Plan in compliance with national regulations and IFC Performance Standard 8 on Cultural Heritage.

**4i. Indigenous Peoples:** Sites shall respect the rights, interests and perspectives of Indigenous Peoples, and take into account their unique and special connections to land, water and other natural resources. When engaging with Indigenous Peoples affected by our activities, the requirements detailed in IFC Performance Standard 7 on Indigenous Peoples and the ICMM Indigenous Peoples and Mining Position Statement shall apply.



**4j. Conflict Management:** Sites shall be sensitive to the potential for conflict involving external stakeholders. Every site shall analyse existing or potential conflict that may impact operations and design and implement plans and management actions designed to prevent or minimise conflict with external stakeholders.

**4k. Artisanal and Small-Scale Mining:** Sites with Artisanal and/or Small-Scale Mining activity on or in proximity of the site shall profile and monitor such activity on an ongoing basis. Sites shall design and implement plans and management actions that address ASM-related risks and impacts.

## **Resourcing, Assurance and Reporting**

### *Resourcing*

Business and site management are responsible for the day-to-day implementation of the Policy and shall ensure that the site and business teams have clearly-defined roles and responsibilities, adequate financial resources and management systems, and an appropriately staffed and qualified Social Performance team and other functions with accountability for the effective implementation of the Social Way Policy.

Group Social Impact shall provide strategic support through the provision of guidance, training, and oversight as required by the relevant business and sites and as appropriate, including with the support of local or regional expertise (both internal or external).

### *Assurance*

The implementation of the Social Way Policy by sites will be regularly assessed through a combination of both internal and external assurance, including with local or regional expertise. The requirements and compliance assessment process are outlined in the Social Way Assurance Framework.

The Business' CEO's scorecard and supporting metrics provide additional assurance of implementation in accordance with this Policy.

### *Reporting*

Site and business Social Performance managers are responsible for, and required to provide, reporting throughout the year to demonstrate implementation and management of Social Performance across their business.

Group Social Impact is responsible for strategic coordination of reporting, aggregating and reporting the results of the assurance reviews to the Anglo American plc Board on an annual basis.

The aggregated results of the assurance reviews will be reported in the Group's annual Sustainability Report.

## **5. Monitoring and reporting**

The parties responsible for ensuring, and overseeing, compliance with this Policy are as follows:

- Business and Group Functions are responsible for ensuring compliance with this Policy.
- The Group Social Impact team are responsible for providing complementary expertise, support, monitoring, and challenge relating to compliance with this Policy.
- Internal Audit are responsible for providing independent assurance on the adequacy and effectiveness of the Policy controls in meeting the Policy objectives.

### **Consequences of breach**

People are held accountable for their behaviour when working for or on behalf of Anglo American, and appropriate action is taken where behaviour is inconsistent with the Code of Conduct, group policies and procedures and related documentation. Consequences depend on the circumstances, and could range from a warning to dismissal, as per our Accountability Framework (see Group Accountability Policy) and subject to applicable laws.

## **6. Further information**

### **Glossary of Terms used in the Policy**

The Glossary of Terms used in this Policy is included in the Social Way Toolkit.

### **Internal references**

Social Way Toolkit

Social Way Assurance Framework

Group Code of Conduct

Group Sustainable Mining Plan

Safety, Health and Environment (SHE) Way

Group Water Policy

Group Climate Change Policy

Group Human Rights Policy

Group International and Government Relations Policy

Group Integrated Risk Management Policy

Group Business Integrity Policy

Group Sponsorship Policy

Group Social Investment and Donations Policy

Group Inclusion and Diversity Policy

Group Data Protection Policy

Anglo American Responsible Sourcing Standard for Suppliers

Anglo American Mineral Residue Facilities and Water Management Structures Standard

S&SD Group Standard on Integrated Incident Management

Anglo American Group Contractor Performance Management Standard

Anglo American Learning from Incidents Standard

Anglo American Operational Risk Management Standard

Anglo American Mine Closure Standard

Anglo American Mine Closure Toolkit

Anglo American Investment Development Model – Investment Criteria by Stage (ICBS)

### **External references**

United Nations Global Compact

UN Guiding Principles on Business and Human Rights

UN Declaration on the Rights of Indigenous Peoples

International Finance Corporation Performance Standards and associated Guidance Notes

Voluntary Principles on Security and Human Rights

ICMM 10 principles for sustainable development

ICMM Position Statement on Indigenous Peoples and Mining

OECD Guidelines for Multinational Enterprises

Initiative for Responsible Mining Assurance

If you need any further information, contact the Social Impact team at **[socialperformance@angloamerican.com](mailto:socialperformance@angloamerican.com)**

## Terms

Term	Explanation
<p>Anglo American”, the “Anglo American Group”, the “Group”, “we”, “us”, and “our”</p>	<p>In this Policy, and any related procedures or standards, references to “Anglo American”, the “Anglo American Group”, the “Group”, “we”, “us”, and “our” are to refer to either Anglo American plc and its subsidiaries and/or those who work for them generally, or where it is not necessary to refer to a particular entity, entities or persons. The use of those generic terms is for convenience only, and is in no way indicative of how the Anglo American Group or any entity within it is structured, managed or controlled. Anglo American subsidiaries, and their management, are responsible for their own day-to-day operations, including but not limited to securing and maintaining all relevant licenses and permits, operational adaptation and implementation of Group policies, management, training and any applicable local grievance mechanisms. Anglo American produces group-wide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day to day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses.</p>

## Revision history

Policy governance commitment:

<b>Version number:</b>	3.0
<b>Approval date by PGC:</b>	20/06/2019
<b>Approval by CorpCo:</b>	02/07/2019

## Document control

<b>Frequency of Policy review after date of issue:</b>	At least every 5 years
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The following changes have been made since this document was issued:

<b>Policy name:</b>	Anglo American Social Way Version 3.0
<b>Policy date:</b>	2019
<b>Policy version number:</b>	3.0 – NEW BRAND
<b>Main changes made:</b>	Updated the template to reflect the new Anglo American brand and revised terminology for requirement <i>4D. Emergency Management Planning for Site-Induced Emergencies with Off-Site Impacts</i> . No changes were made to the content of the policy.

<b>Old Policy name:</b>	Anglo American Social Way Version 2
<b>Old Policy date:</b>	2014
<b>Old Policy version number:</b>	2
<b>Main changes made:</b>	Revised the Context, Vision, Principles and Requirements section