

# **RESPONSIBLE SOURCING**

# **STANDARD FOR SUPPLIERS**

**Supply Chain – November 2016**

# RESPONSIBLE SOURCING STANDARD FOR SUPPLIERS

It is our vision for our entire supply chain to embrace and share our commitment to sustainable development.

Anglo American and its suppliers have obligations to a broad range of stakeholders including employees, communities, customers, business partners and shareholders to ensure that business relationships are transparent, fair and able to meet societal needs.

Within our collective supply chains, this compels us to consider our daily decisions and ensure that purchasing of goods and services is done without causing harm, inadvertently exploiting humans or harming our environment. Practices which demonstrate this ensures that our businesses continue to operate legitimately.

In developing this Standard, we have referenced the Anglo American Code of Conduct, the Supplier Sustainable Development Policy and Code\*, and taken into account best practices as laid out by various Human Rights conventions, the International Labour Organisation (ILO) and consulted extensively with a wide range of stakeholders and experts in order to outline our expectations of suppliers.

This Standard details expected performance from suppliers across '6 PILLARS':

<b>01</b> LABOUR AND HUMAN RIGHTS	<b>04</b> BUSINESS INTEGRITY AND ETHICS
<b>02</b> SAFETY AND HEALTH	<b>05</b> ENVIRONMENTAL STEWARDSHIP
<b>03</b> WELLNESS	<b>06</b> CORPORATE CITIZENSHIP

This Standard is underpinned by four principles:

- 1. ALIGNMENT WITH THE ANGLO AMERICAN CODE OF CONDUCT**  
The Anglo American Code of Conduct outlines key behaviour principles expected by our staff, suppliers, customers and other business partners. This Standard outlines detailed performance requirements to support the Code of Conduct.
- 2. UNIVERSAL APPLICATION**  
This Standard applies to all persons or businesses either doing or wishing to do business with Anglo American. This includes persons conducting businesses on our behalf (contractors, agents and intermediaries).
- 3. A JOURNEY OF CONTINUOUS IMPROVEMENT**  
We will work with our suppliers to improve practices.



#### 4. MUTUAL RECOGNITION

We will work collaboratively within the mining industry to align these standards and share non-competitive information from suppliers in order to reduce duplication of cost and effort by suppliers.

Referenced Anglo American policies are available on the Anglo American website [www.angloamerican.com](http://www.angloamerican.com)

\*Note: This Standard replaces the Supplier Sustainable Development Policy and Code which was first published by Anglo American in October 2010. Certain supplier agreements which reference the Supplier Sustainability Policy and Code will be updated to reflect 1) the Anglo American Code of Conduct and 2) 'Responsible Sourcing'.

## 1. LABOUR AND HUMAN RIGHTS

**At a minimum, suppliers will comply with all national, statutory and regulatory requirements including the International Labour Organisation core labour rights. Therefore suppliers must:**

- 1.1. Prohibit the use of child labour –this is defined as persons under 15 years of age.
- 1.2. Not tolerate forced, bonded or involuntary prison labour.
- 1.3. Prohibit the lodging of “security deposits” or retaining of any original identity or travel documents of employees.
- 1.4. Not tolerate inhumane treatment of their workforce, including any form of physical, sexual or verbal abuse, bullying or any other forms of intimidation – including the threat of abuse.
- 1.5. Recognise and respect the right of their workforce to freedom of association and rights to collective bargaining.
- 1.6. Ensure that working hours the lower of the ILO guidelines or National legislation. This generally means limiting working hours to a maximum of 40 hours per week, with at least 24 consecutive hours off within every 7 day period. Overtime shall not be excessive, not be regular, remain voluntary and always compensated at a premium rate as determined by legislation.
- 1.7. Operate fair and appropriate terms of employment, including but not limited to, wages and benefits which at minimum meet legal requirements.
- 1.8. Not permit any deductions from wages as a disciplinary measure nor permit any other deductions which are not provided for by national law.
- 1.9. Eliminate all forms of unfair or illegal discrimination while encouraging diversity in the workforce. This shall include an elimination of 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.
- 1.10. Ensure that regular employment is provided, eliminating the extended usage of fixed or short term contracts to avoid conferring mandated benefits to workers.
- 1.11. Have appropriate mechanisms to evaluate and address risk of human trafficking and modern slavery.

## 2. SAFETY AND HEALTH

**Suppliers will protect the safety and health of their workforce. This includes the maintenance of a healthy work environment which has a high emergency preparedness with reduced potential for occupational related diseases. Suppliers therefore must:**

- 2.1 Strive to eliminate fatalities, work-related injuries and health impairment of the workforce
- 2.2 Assign management responsibility for, and have appropriate policies and preventative maintenance programmes in place aimed at protecting the safety and health of their workforce. Suppliers are expected to maintain a zero tolerance approach to unsafe behaviour.
- 2.3 Assess and manage risks associated with health and safety hazards, including occupational exposure, with written procedures, work instructions and appropriate personal protective equipment for addressing these. In instances where there is an increased likelihood of occupational exposure, employees are to receive confidential medical examinations in order to monitor any potential exposure hazard – this includes noise, dust and excessive vibrations.
- 2.4 Ensure that all personal protective equipment (PPE) is appropriate for the type of operation performed and available at no cost to the employee.
- 2.5 Comply with all legislation, regulations, by-laws and any guidelines as applicable to ensure a safe, productive and hygienic working environment.
- 2.6 Ensure that workers receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 2.7 Maintain a high level of emergency preparedness and response to manage any potential safety, health or environmental emergency including fire safety.
- 2.8 Ensure access to clean toilet facilities which are separated by gender, permit unrestricted access to potable water, and where appropriate provide sanitary facilities for food storage.
- 2.9 Where provided, that accommodation is clean, safe and meets the basic needs of the workforce.

**Suppliers conducting work on Anglo American sites must comply with all corporate and site-specific safety and occupational health requirements, with a clear understanding of the consequences of non-compliance.**

### 3. WELLNESS

**In geographies where infectious diseases (including HIV/AIDS, Malaria and Tuberculosis) or epidemics are prevalent, suppliers are encouraged to fight against these diseases. To this end, suppliers:**

- 3.1. Must strive to eliminate any stigma or unfair discrimination on the basis of real or perceived HIV/AIDS status or other infectious diseases.
- 3.2. Should have a clear policy for addressing infectious diseases in the workplace. These should be founded on voluntary counselling, voluntary testing and patient confidentiality.
- 3.3. Should have a prevention and treatment strategy linked to programmes of care for those with infectious diseases.

### 4. BUSINESS INTEGRITY AND ETHICS

**Suppliers will conduct their business ethically and act with integrity. To this end, suppliers must:**

- 4.1. Comply with all applicable laws and regulations in the performance of their contract, these include requirements against anti-competitive practices, collusion, price fixing and bribery.
- 4.2. Oppose corruption, bribery, fraud and embezzlement. Suppliers shall not pay or accept bribes, tolerate any form of money laundering or participate in other illegal incentives in business.
- 4.3. Comply with all relevant legislation relating to the prevention of money laundering and to the combating of terrorism.
- 4.4. Comply with the trade laws and regulations, this may include economic sanctions, and import and export laws.
- 4.5. Demonstrate mechanisms to safeguard against improper use and disclosure of client confidential or sensitive information including intellectual property, pricing, employee and patient information.
- 4.6. Be committed to transparency and accountability in their business dealings, supported by confidential "whistleblowing" channels.

### 5. CORPORATE CITIZENSHIP

**Suppliers shall be good corporate citizens within the communities where they operate. To this end, suppliers are strongly encouraged to:**

- 5.1. Respect human dignity and the rights of individuals and of the communities associated with their operations.
- 5.2. Make a contribution to the economic, social and educational well-being of the communities where they operate. This may include action plans to support social transformation through development of critical skills, reduce unemployment and increase the participation of small or marginalised community businesses in supply chains.
- 5.3. Have regard for the impact on the local communities when recruiting, employing and accommodating the workforce.
- 5.4. Recognise the cultural heritage and traditions of indigenous communities and handle any matters in a spirit of respect, trust and dialogue.
- 5.5. Learn more about the various community development initiatives being undertaken by Anglo American and identify opportunities for participation and collaboration.

### 6. ENVIRONMENTAL STEWARDSHIP

**Suppliers will demonstrate best practice in environmental and material stewardship. To this end, suppliers must:**

- 6.1. Demonstrate compliance with all legislation, regulations, by-laws and any applicable environmental related guidelines.
- 6.2. Maintain all required permits and documentation and keep these available for inspection.
- 6.3. For specified suppliers, ISO 14001 or Responsible Care certification is a requirement. Other appropriate, medium- and large-suppliers are strongly encouraged to adopt these management systems.
- 6.4. For specified suppliers, disclosures related to greenhouse gas (GHG) emissions and air quality (AQ) management is a requirement.
- 6.5. Where goods are provided, suppliers should strive to eliminate unnecessary packaging and have processes in place to safely recycle or re-use waste by-products.

- 6.6. Suppliers are strongly encouraged to improve disclosure and embed management systems for:
  - 6.6.1. Reduced energy consumption;
  - 6.6.2. Responsible use of water;
  - 6.6.3. Safe handling and disposal of chemicals;
  - 6.6.4. Improved management of waste, reduced air emissions and waste-water discharges; and
  - 6.6.5. Containment of spillages and other potential accidental discharges.

Suppliers conducting work on Anglo American sites must ensure that they comply with the appropriate requirements with a clear understanding of the consequences of non-compliance.



### IMPLEMENTATION AND EXPECTATIONS

In selecting suppliers we will, in conjunction with parallel evaluation criteria, show preference to those suppliers that demonstrate commitment to responsible supply.

Suppliers must ensure the full implementation of these standards within their organisation as well as the cascading into their supply chain, including agents, contractors and suppliers.

Suppliers must maintain effective management systems that are based on sound business and scientific principles, which include establishing appropriate objectives and targets, regularly assessing performance, and practicing continual improvement.

#### SELF-ASSESSMENT

Suppliers are required to complete a self-assessment questionnaire (SAQ) based on this Standard. The aim of the SAQ is to support the identification of management processes and controls.



#### INDEPENDENT 3<sup>rd</sup> PARTY VERIFICATION AUDIT

On a sample basis, suppliers will be required to conduct an independent responsible sourcing audit at operational facilities. Follow-up audits may be requested to ensure that recommended corrective action has been undertaken to mitigate risk.



#### REMEDIATION

Where a review of this Standard, the self-assessment questionnaire or verification audits have indicated non-compliances, we expect suppliers to develop a remediation plan with realistic timeframes to close-out issues, and communicate that plan to Anglo American.

Anglo American is committed to supporting suppliers enhance their understanding and implementation of this Standard. We reserve the right to disengage from suppliers who deliberately refuse to comply with legal requirements, this Standard, or are unable to provide appropriate evidence of steps undertaken to remediate any non-compliance issues.

## GENERAL

We encourage suppliers to take personal responsibility for ensuring that all business conducted complies with legal requirements and the principles outlined in this Standard. No one will suffer for raising with Anglo American management violations of this Standard, any legal or ethical concern.

Suppliers and their employees may use the independently managed 'Speak Up' facility to report any inappropriate business practices, including inappropriate behaviours exhibited by Anglo American staff using the details below.

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

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

Telephone:

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 Social Way and Socio Economic Assessment Toolkit (SEAT)
- Anglo American SHE Way (Safety, Health and Environment)
- International Labour Organisation Core Labour Standards
- United Nations Guiding Principles on Business and Human Rights
- UK Modern Slavery Act
- California Transparency in Supply Chains Act
- Universal Declaration of Human Rights
- United Nations Global Compact
- International Council on Mining and Metals: Framework for Sustainable Development
- Voluntary Principles on Security and Human Rights
- 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 (SA 8000)

This Standard will be reviewed by Anglo American at appropriate intervals and revised when deemed necessary. For input on this Standard, or further information you may contact the 'Sustainable and Responsible Supply Chain Team' or local Supply Chain representative at Anglo American.