

UK MODERN SLAVERY ACT

Statement for the financial year
ending 31 December 2016





“As a global mining company, our business touches the lives of many people – from our employees and host communities, to our suppliers and customers. We always seek to act in a responsible and respectful manner that supports the rights of these stakeholders. In a world that is ever more interconnected – often with long and complex value and supply chains – modern slavery is one of many salient human rights risks that we must all work to address. At Anglo American, we are fully committed to an ethical value chain that respects human rights and is free of modern slavery.”

Mark Cutifani, Chief Executive, Anglo American plc.

Introduction

In publishing this statement we are adding our voice to a global challenge and commitment. We prohibit, and take a zero tolerance policy in respect of, all forms of modern slavery in our organisation and in our supply chains.

This statement sets out the steps that Anglo American has taken to identify and mitigate the potential risks of modern slavery occurring in its business and supply chains during the financial year ending 31 December 2016. It is made by Anglo American plc, the holding company of the Anglo American group of companies (Anglo American) in accordance with the requirements of the UK Modern Slavery Act 2015 (the Act).

De Beers plc (De Beers), of which Anglo American owns 85%, has published its own statement pursuant to section 54 of the Act, which can be found [here](#).

Anglo American Overview

Anglo American is a globally diversified mining business with mining operations* in Africa (South Africa and Zimbabwe), North America (Canada), Latin America (Brazil, Chile, Peru) and Australia, as well as exploration, sales and other business activities and joint ventures in Africa, Asia, Europe and the Americas. Our portfolio of world-class, competitive mining operations and undeveloped resources provides the raw materials to meet the growing consumer and other demands of the world's developed and maturing economies.

As a responsible miner – of diamonds (through De Beers), platinum and other precious metals, copper, nickel, iron ore and coal – we are the custodians of what are precious natural resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders and for the communities and countries in which we operate – creating sustainable value and making a real difference. Anglo American aspires to be a trusted partner with key stakeholders and a leader in catalysing collaborative social development.

Integrating modern slavery risk management into the Anglo American supply chain

Supply chain activities at Anglo American include the provision of direct, raw and ancillary goods, labour and services to support the exploration, mining, transportation, aggregation, processing and technology development required for our business, from mine to market. In 2016, we worked with more than 21,000 suppliers, of which 350

represented approximately 70% of Anglo American's total procurement expenditure.

As a values-driven organisation, we understand our obligation to our partners, employees, customers, shareholders and other stakeholders to ensure that our supplier relationship practices are transparent, fair and meet the ever-changing needs of a wider group of stakeholders while being able to adapt to mitigate emerging areas of risk. Within our supply chain, this requires us to consider how the purchasing of goods and services can be undertaken without causing harm to people and the environment.

Increasing the visibility and transparency of our large, complex and global supply chain is a priority for Anglo American. In 2016, we employed a risk-based category management approach, which identified key suppliers of business critical goods and services, including those suppliers who procure services on behalf of Anglo American (including the provision of labour). Selected suppliers were then engaged and supported by members of our supply chain team who evaluated a series of performance metrics and risks.

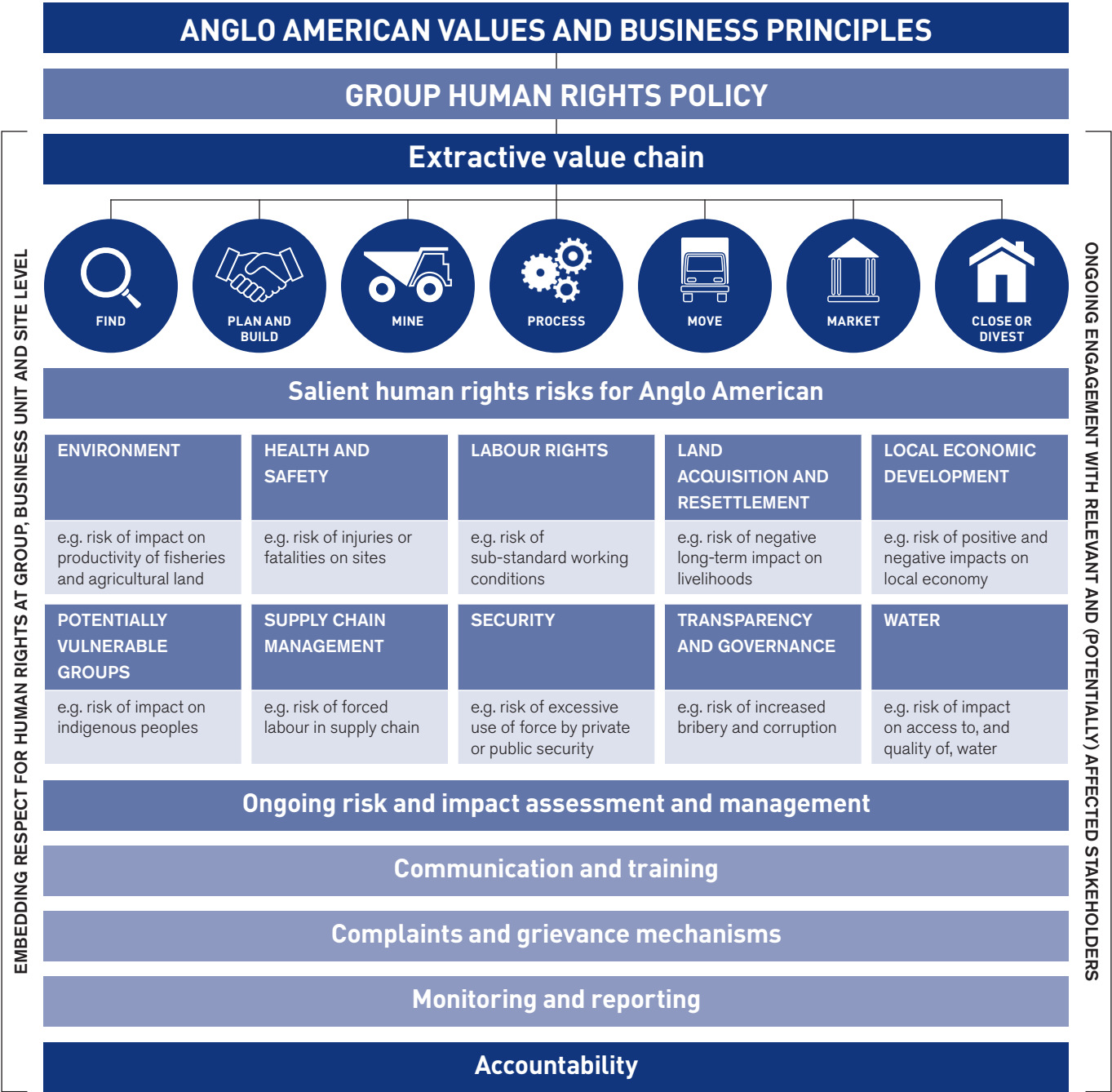
We acknowledge the importance of identifying, assessing and minimising potential adverse human rights impacts that may be associated with our business. Therefore, we have developed a human rights framework, which highlights the salient risk areas in which we are likely to have our greatest impacts on human rights across our value chain (see overleaf).



*De Beers has mining operations in Botswana and Namibia, in addition to Canada and South Africa; insofar as these concern De Beers' rough diamond business, they are covered by De Beers' Modern Slavery Act statement.

Human Rights Framework

The salient risk areas include labour rights and supply chain management. Our approach to managing modern slavery risks in our operations and our supply chain is, therefore, part of our broader human rights approach, which is guided by our Code of Conduct and our Human Rights Policy.



“We are rolling out a new Code of Conduct across Anglo American – superseding our Good Citizenship Business Principles – continuing our human rights-related trainings and strengthening our human rights due diligence Group-wide.”

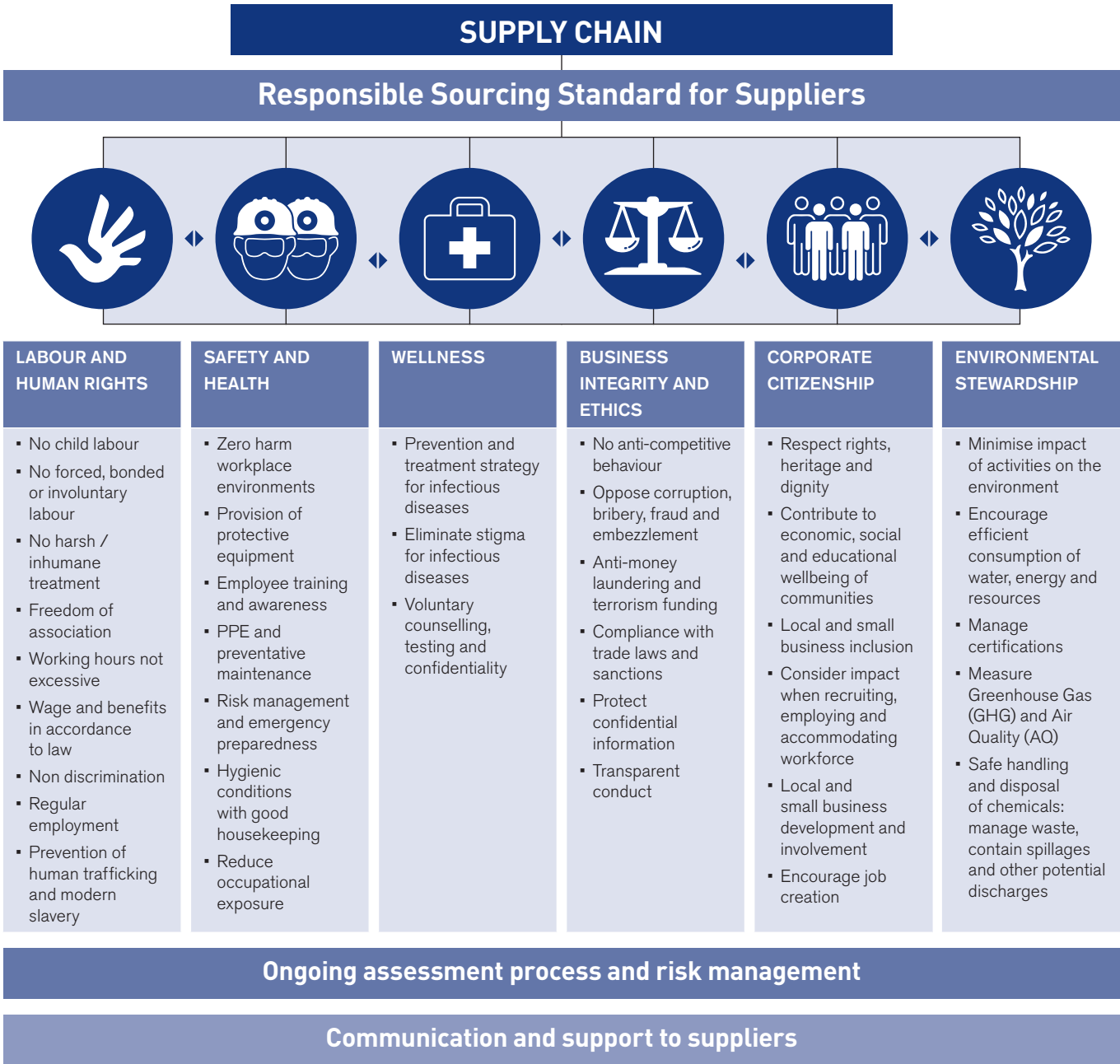
Jack Thompson, Chair of the Board Sustainability Committee.

Relevant Governance and Policies

The Anglo American plc Board of Directors oversees our strategic sustainability approach and the Board Sustainability Committee in particular looks at sustainability related issues, including safety, health, environment, climate change and human rights.

Supply chain management is addressed in detail by our Responsible Sourcing Standard for Suppliers, which

outlines our overarching vision for our entire supply chain to embrace and share our commitment to sustainable development. This is evidenced through requirements across six pillars, including: Labour and Human Rights, Safety and Health, Wellness, Business Integrity and Ethics, Corporate Citizenship, and Environmental Stewardship.



The following policies and standards are illustrative of our approach to conducting business with integrity and our commitment to prevent modern slavery in our business and across our supply chain:

- [Code of Conduct*](#)
- [Human Rights Policy](#)
- [Business Integrity Policy](#)
- [Responsible Sourcing Standard for Suppliers](#)
- [Anglo American Social Way](#)

*In 2016, the Code of Conduct superseded the Anglo American Good Citizenship Business Principles.

Risk Assessment and Due Diligence

Our approach to responsible sourcing has been underpinned by Anglo American's Supply Chain Sustainable Development (SCSD) programme which was launched in 2009. In 2016, we updated this approach to highlight key expectations from suppliers, including the mechanisms to evaluate and address potential risks of modern slavery. These updates have culminated in the 'Responsible Sourcing Standard for Suppliers', which contains fundamental conditions that must be met to be able to work with Anglo American and incorporates detailed performance requirements, including: the prohibition of exploitative child labour; forced, bonded or involuntary prison labour; inhumane treatment of the workforce (including physical, sexual, or verbal abuse, bullying or any other forms of intimidation); human trafficking; environmental stewardship and performance measures around business integrity and ethics.

The Anglo American Supply Chain identifies several categories of products and services required for its operations. These are then rated by risk and criticality to the business using a variety of different measures, for example, commercial performance and safety performance.

Contingent on the level of risk, the suppliers in the category are allocated to business managers who ensure that appropriate Supplier Relationship Management (SRM) processes are in place, which allow ongoing visibility of supplier performance.

In the 2016 rollout of our Responsible Sourcing programme, we utilised a multi-pronged approach when considering the likelihood of modern slavery. Using a risk-based methodology, we focused on two primary supplier groups for engagement: (1) large and global suppliers that are managed under the category management framework; and (2) small- and medium-sized suppliers to one of our operations in South Africa. This approach ensured a distribution of expenditure coverage and provided us with insights into emerging risk issues based on supplier enterprise size, allowing for specific and targeted supplier intervention in the near future.

This approach is supplemented by our supply chain and supplier engagement processes, where we would typically issue contracts which incorporate various policies and compulsory supplier requirements.

Application of the Responsible Sourcing Standard for Suppliers in our procurement process



Effectiveness

The business practices that relate to the mitigation of modern slavery and human trafficking (and other) risks have internal performance measures. In relation to our own employment practices, we monitor and review:

- The number of employees who have completed Business Integrity training.
- Grievances raised through both internal and external mechanisms such as the 'Speak Up' whistle-blower programme or the mandatory site-level complaints and grievance mechanisms (incidents reported through the local grievance mechanisms are included in the Chief Executive's quarterly performance scorecard and reported to the Board, if they meet a classification threshold). Further to this, each site is assessed annually on its performance against the Anglo American Social Way – the relevant Social Way requirement is outlined under 'Contractors, Suppliers and other Business Partners'.
- The number of suppliers (and the percentage of spend this represents) which complete self-assessment questionnaires.
- The types and severity of risks identified during supplier self-assessments and audits, including steps taken to mitigate these risks.

Plans to Strengthen Our Approach in the Future

Anglo American intends to incorporate aspects relating to the Act into our employee training and initial supplier contracts to help ensure that we are applying robust practices, both internally and externally. Management of key suppliers will be supported by a performance scorecard and dashboard – this includes several dimensions including responsible sourcing compliance.

The current approach to supplier categorisation and supplier risk management will be expanded beyond commercial elements. Areas to consider include geographies, types of services offered, production processes (with consideration to the degree of automation) and industry types where risks of modern slavery are more likely to exist.

Engagement with suppliers on responsible sourcing requirements, which includes modern slavery risks, will continue to be a priority; to this end, opportunities will be identified for face-to-face and other forms of communication. We will continue to target a combination of large global suppliers along with specialised assessments of small- and medium-sized local suppliers. This approach will also help us to identify priority interventions for supplier capacity-building.

Through our association with, and contribution to, industry bodies such as the International Council on Mining and Metals (ICMM) and the South African Chamber of Mines, we are working with peer mining companies, other industry sectors and experts with the aim of harmonising our various responsible sourcing approaches. The intention is to develop a common set of standards, supported by assessment protocols, which will provide consistent messaging on important requirements, including that of modern slavery risk, to a wide supplier base.

Training

Whenever possible, Anglo American aims to improve business performance through training and capacity-building initiatives. Current training/awareness raising relevant to modern slavery related issues includes:

- Induction
- Code of Conduct
- Business Integrity
- Human Rights
- Responsible Sourcing Standard for Suppliers
- Anglo American Social Way



With the steady introduction of supplier self-assessments, a rise in the percentage of participation will further strengthen Anglo American's approach to managing modern slavery risks and improve our transparency for the public, consumers, employees and investors.

We are planning to further develop cross-functional human rights working groups at both the corporate and business unit levels which will address risks related to human trafficking and modern slavery – among others – both at our operations and in our supply chain.

Anglo American recognises its responsibility as a global business which touches the lives of many people and we will continue to work with the industry, our suppliers and stakeholders to improve standards and performance across all aspects of human rights.

Mark Cutifani

CHIEF EXECUTIVE,

Anglo American

July 2017

This statement has been approved
by the Board of Anglo American plc.

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