



Towards ethical sourcing

*Strengthening mineral supply chain due diligence in
response to customer needs and regulations*

OCT 2024

Agenda

- **Overview of Anglo American marketing**
- **What is ethical sourcing?**
- **What is driving the increase in due diligence requirements?**
- **Anglo American's approach to supply chain transparency and responsible sourcing**

At Anglo American, we are..



**Re-imagining
mining...**



**...to improve
people's lives**

Meeting society's needs for essential metals and minerals

Our products are helping to move us towards a cleaner, greener and more sustainable future – for our planet and billions of consumers. These are future-enabling products.

We address our customers' materials needs with bespoke solutions, world-class service and a commitment to responsible business practices, helping them to drive sustainable growth.

A leading provider of customer solutions

Our commitment to our customers

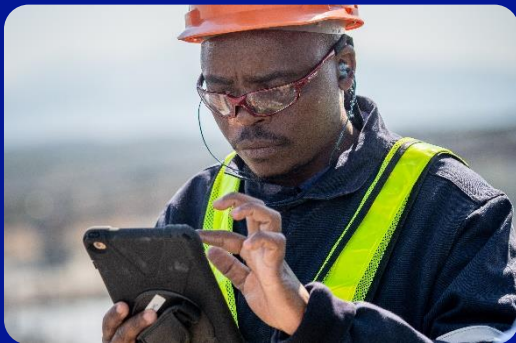
Our customers play an important role in connecting us with the people that value our products, and with society more broadly - helping us to better understand their needs and expectations.

We create value by focusing on three cornerstone priorities:

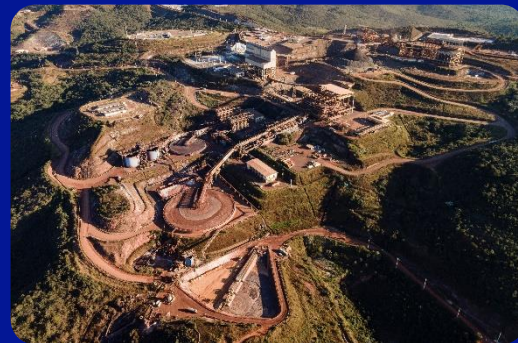
Your trusted partner



Solutions designed around your needs

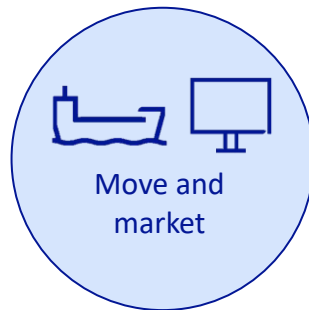


Shaping the future, together



The scope of marketing

From finished goods stockpile at the mine to the end customer



Note: This is only an example of a generic process diagram

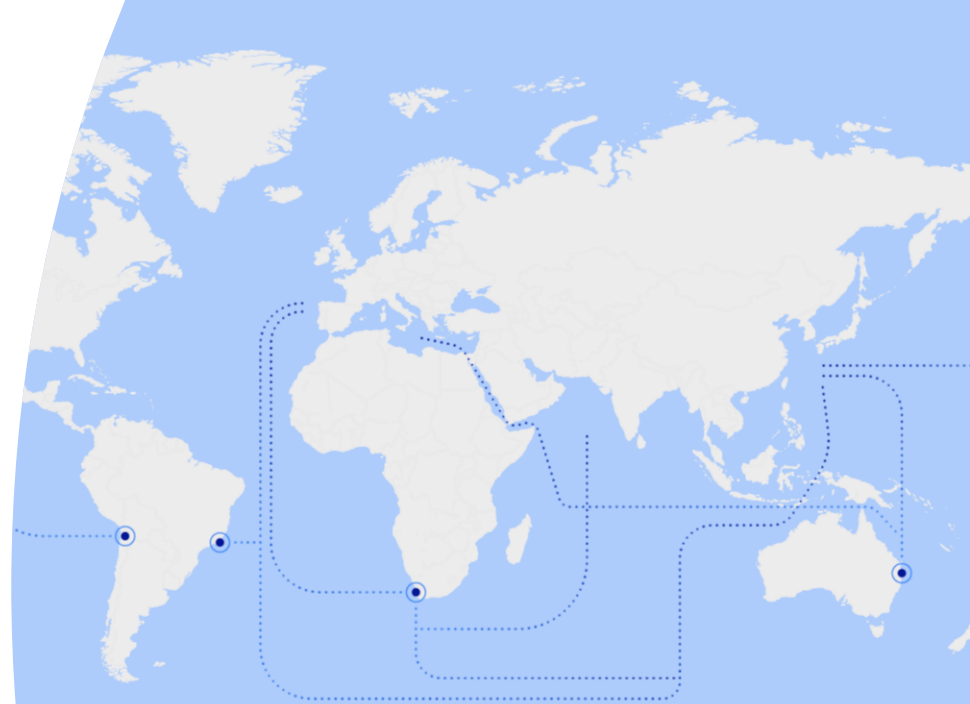
Our shipping operations

Our roadmap to deliver on our sustainable shipping ambitions builds on technology innovations, a sustainable fuel mix, and high standards of vessel efficiency.

We have a strong track record of collaborating across the entire industry to achieve more responsible and sustainable ocean freight.

Introducing the Ubuntu fleet

In 2020, Anglo American announced the introduction of 10 newbuild Capesize+ LNG-dual fuelled vessels to its chartered fleet.



2040

Ambition to achieve carbon neutral controlled ocean freight

30%

Interim reduction in emissions by 2030

Our approach in action

Doing the right thing

We want our processes to be transparent and our activities inclusive. Our goal of zero harm¹, underpinned by our commitment to lead with safety and invest in people's health and wellbeing, and our deep-seated reputation for doing the right thing, are key to unlocking value and safeguarding our broader licence to operate.



Committed to responsible mining standards

We have a clear, well-established record of responsible mining practices and ethical value chains, with internal policies that guide our approach to sustainability.



Responsible sourcing aligned to our Purpose

Our Responsible Commodity Sourcing Policy² defines our approach to ensuring an ethical value chain for the products we source and provides guidance for our commodity suppliers and intermediaries.



1. Zero Harm | Anglo American <https://www.angloamerican.com/sustainable-mining-plan/our-critical-foundations/zero-harm>
2. Responsible Sourcing Policy: <https://www.angloamerican.com/suppliers/responsible-sourcing>

What is ethical sourcing?

Acute challenges and risks in mineral supply chains

Environmental impacts

Mineral supply chains can have serious adverse environmental impacts including pollution of air, water, and land.



Conflict Minerals

The mining of conflict minerals can contribute to human rights abuses and conflict.



Human Rights Impacts

Issues of modern slavery e.g. Child labour and forced labour are serious concerns.



Health & Safety

Hazardous work, and ensuring worker safety and well-being, along with communities.



Improving lives through responsible sourcing

Responsible sourcing and mining are fundamental to our purpose and vision for the future.

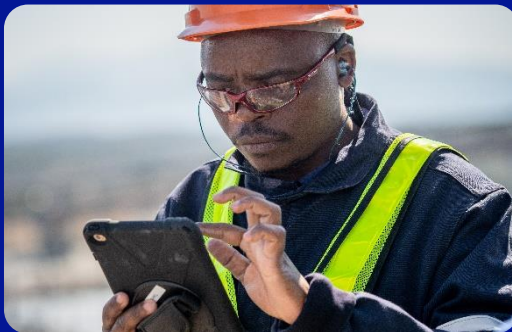
We believe in creating sustainable value for our stakeholders and the communities where we operate.

Mega trends shaping the mining industry:

Energy Transition:
Demand for Copper



Improving living standards:
Demand for iron



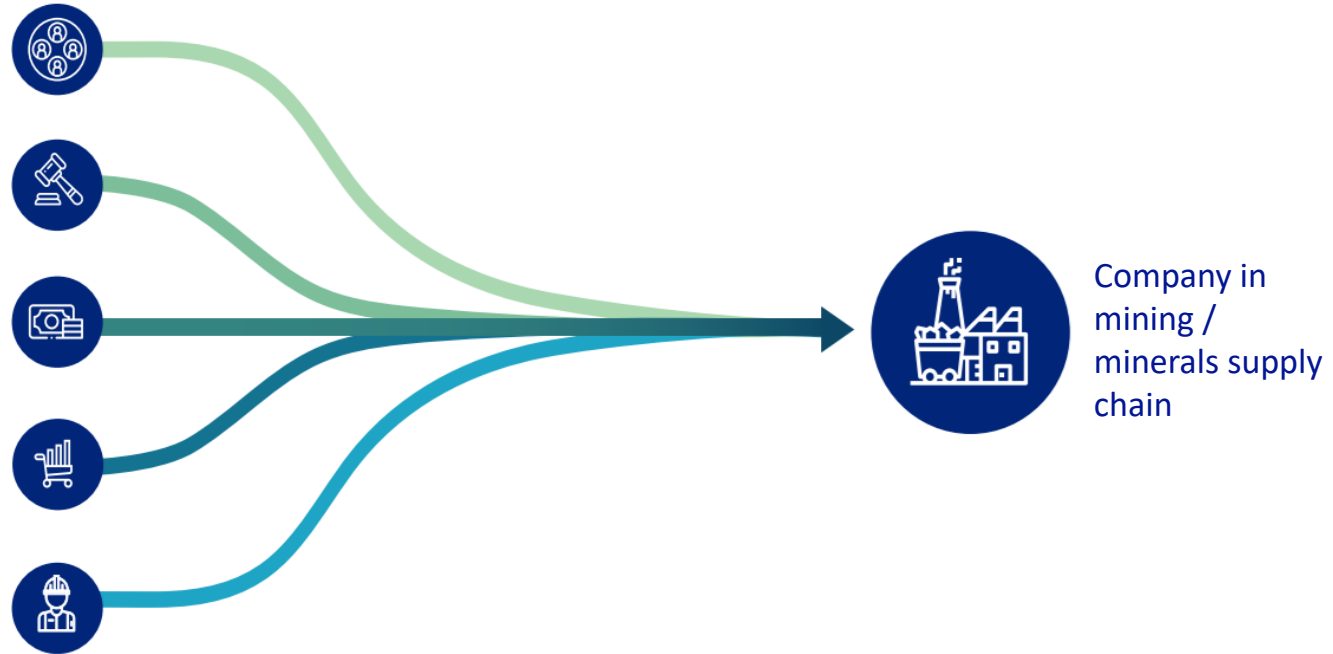
Food Security:
Crop nutrients



What is driving the increase in due diligence requirements?

Who is driving the rise in responsible sourcing and due diligence requests?

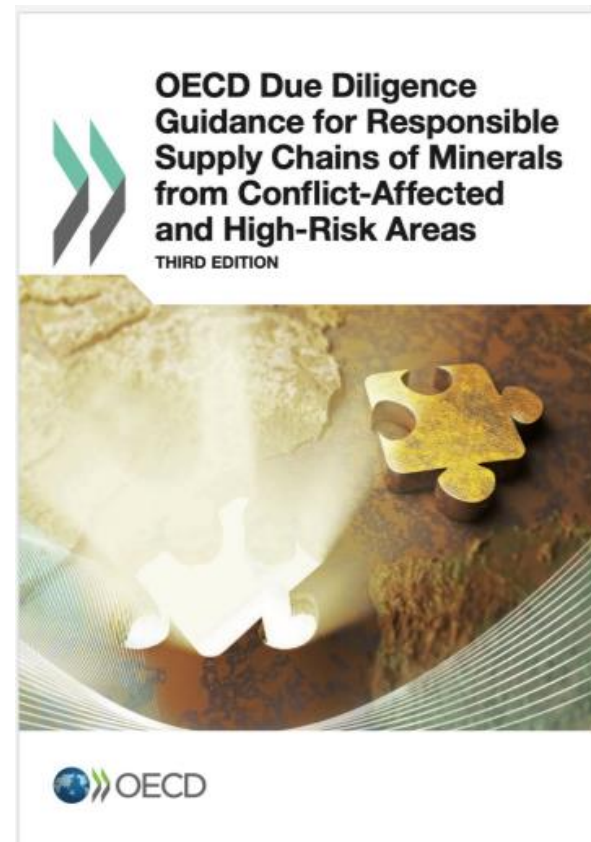
- International NGOs
- Regulators
- Metals Exchanges
- Downstream customers
- Industry standards



The OECD guidance

- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) is the recognised **international framework for best-practice due diligence**.
- It is **referenced in a range of international declarations**, regulations (e.g. EU Conflict Minerals Regulations), initiatives and voluntary standards.
- • It is built on a **five-step framework** focused on a **risk-based approach**, good faith efforts and continuous improvement.
- The OECD Guidance also forms the backbone of our own internal policies and processes.

Source: <https://mneguidelines.oecd.org/mining.htm>



International NGOs and Public Issues Awareness



British Columbia

Landmark settlement is a message to Canadian companies extracting resources overseas: Amnesty International

3 refugees from Eritrea alleged forced work at a gold, copper and zinc mine controlled by Nevsun

 Yvette Brend · CBC News · Posted: Oct 23, 2020 7:13 PM EDT | Last Updated: October 24, 2020



A general view shows the sag mill and ball mill within the processing plant at the Bisha Mining Share Company (BMSC) in Eritrea, operated by Canadian company Nevsun Resources, on Feb. 18, 2016. (Thomas Mukoya/Reuters)



Apple and Google named in US lawsuit over Congolese child cobalt mining deaths



❏ Cobalt extraction in DRC has been linked to child labour. Photograph: Sebastian Meyer/Corbis via Getty Images

Dell, Microsoft and Tesla also among tech firms named in case brought by families of children killed or injured while mining in DRC

Multinational companies >

SWI swissinfo.ch

NGOs warn conflict gold can reach Swiss refiners via Dubai



▲ Armed groups across Africa benefit from artisanal gold production. Courtesy of Swissaid

Sources:

[NGOs warn conflict gold can reach Swiss refiners via Dubai - SWI swissinfo.ch](https://www.swissinfo.ch/eng/multinational-companies-ngos-warn-conflict-gold-can-reach-swiss-refiners-via-dubai)

[Apple and Google named in US lawsuit over Congolese child cobalt mining deaths | Global development | The Guardian](https://www.theguardian.com/global-development/2020/oct/23/apple-google-named-us-lawsuit-congo-child-cobalt-mining-deaths)

<https://www.cbc.ca/news/canada/british-columbia/settlement-amnesty-scc-africa-mine-nevsun-1.5774910>

Growth of regulations

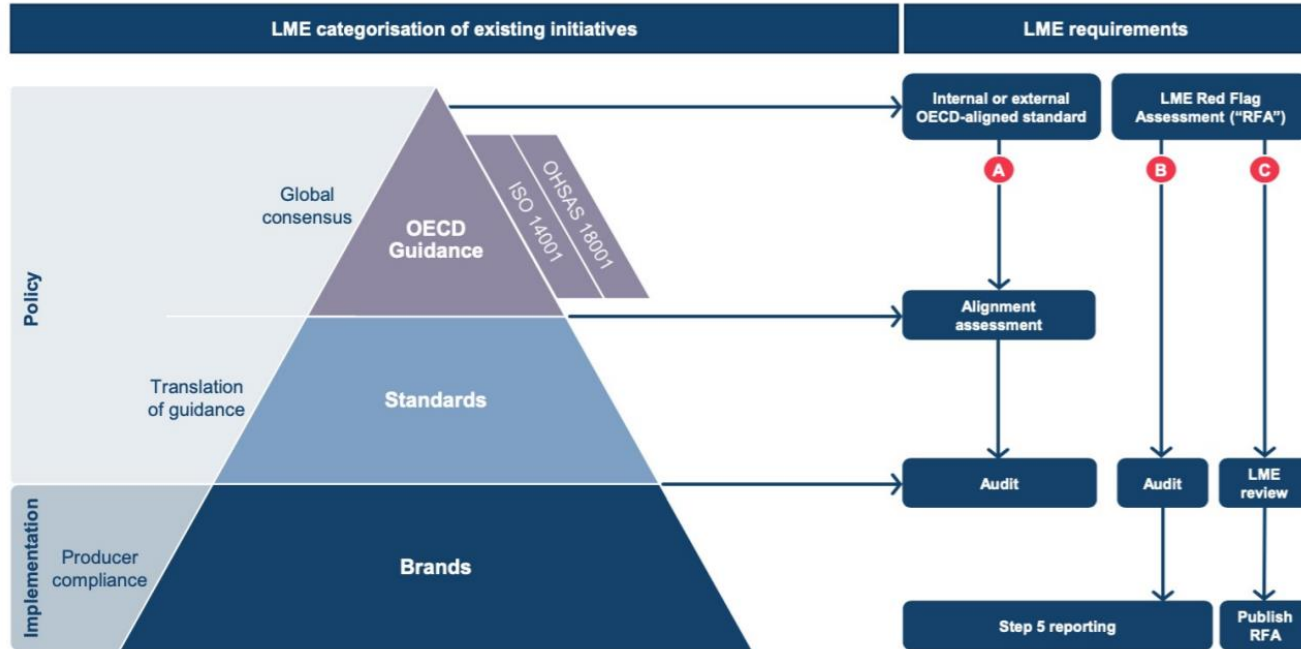
- Regulations covering responsible sourcing and due diligence have increased substantially over last 15 years



Image Source:TDi Sustainability

Exchanges

- Regulations covering responsible sourcing and due diligence are adopted in an increasing number of jurisdictions.



LME Framework for Responsible Sourcing

Image Source: LME Website

Downstream customers

- Brands are being challenged to clean up the minerals supply chain.
- Many customers are now incorporating responsibly sourced and sustainable material goals into their business practices

SC SUPPLYCHAIN DIVE

DIVE BRIEF

Apple cuts 14 suppliers over conflict minerals

The company removed smelters or refiners that were not willing to comply with a third-party audit.

Published April 25, 2024

By S.L. Fuller
Contributor



People are seen behind the Apple logo in Apple's flagship London retail store on Regent Street. Scott Barbour via Getty Images

General Motors Asks Suppliers to Sign ESG Pledge

Posted Monday, April 25, 2022 4:46 pm

Staff Writer



(Credit: GM)

Today, General Motors announced a new pledge that asks global suppliers to commit to carbon neutrality, the development of social responsibility programs, and the implementation of sustainable procurement practices in their supply chain operations.

The Environmental, Social and Governance Partnership Pledge calls for social and governance commitments, such as human rights protections and fair operating practices.

Sources: [Apple cuts 14 suppliers over conflict minerals | Supply Chain Dive](#) and [General Motors Asks Suppliers to Sign ESG Pledge - Environment+Energy Leader](#)

Industry standards for certification



- **Applicability: mines**
- Founded in 2006 by a coalition of non-government organisations, businesses purchasing minerals and metals for resale in other products, affected communities, mining companies, and labor unions.
- It is the only organisation with a comprehensive global standard that covers all mined materials (except energy fuels).



- **Applicability: copper mine to fabricator**
- Initiated by the International Copper Association (ICA), and is built on a genuine commitment from the copper industry to ensure responsible production practices.
- IRMA certification demonstrates a commitment to the highest standards of environmental and social responsibility, covering critical areas such as human rights, community engagement, and environmental impact



- **Applicability: iron ore mine to fabricator**
- Developed initially by the Australian Steel Stewardship Forum. It was incorporated as the Steel Stewardship Council in 2016
- ResponsibleSteel is now a global not-for-profit standard and certification initiative for the steel industry
- ResponsibleSteel certifies the steel is sustainably and ethically produced, with reduced environmental impact and fair labor practices

Volkswagen's supply transparency process

Case Study



German Supply Chain Due Diligence Act (2023) – manufacturers required to trace and audit entire supply chain



EU Battery Regulation (2023) – covering lithium, cobalt, etc

EU Regulation on Deforestation (2023) – enforced by 2025

2021

Joined Responsible Minerals Initiative

- In preparation for the German Supply Chain Due Diligence Act, VW adapted procurement approach and **introduced extensive measures to facilitate compliance.**

2022

Joined IRMA

- **Responsible Minerals Initiative Assurance Process (RMI)** used as audit standard for **Tin, Tantalum, Tungsten, Gold, Cobalt**

2023

Focused on 5 priority raw materials

- Created minimum sustainability requirements for 5 priority raw materials:
 - **Battery Raw Materials** (Lithium, Cobalt, Ni, Graphite)
 - **Aluminium**
 - **Mica**
 - **Leather**
 - **Natural Rubber**

2024

IRMA becomes prerequisite

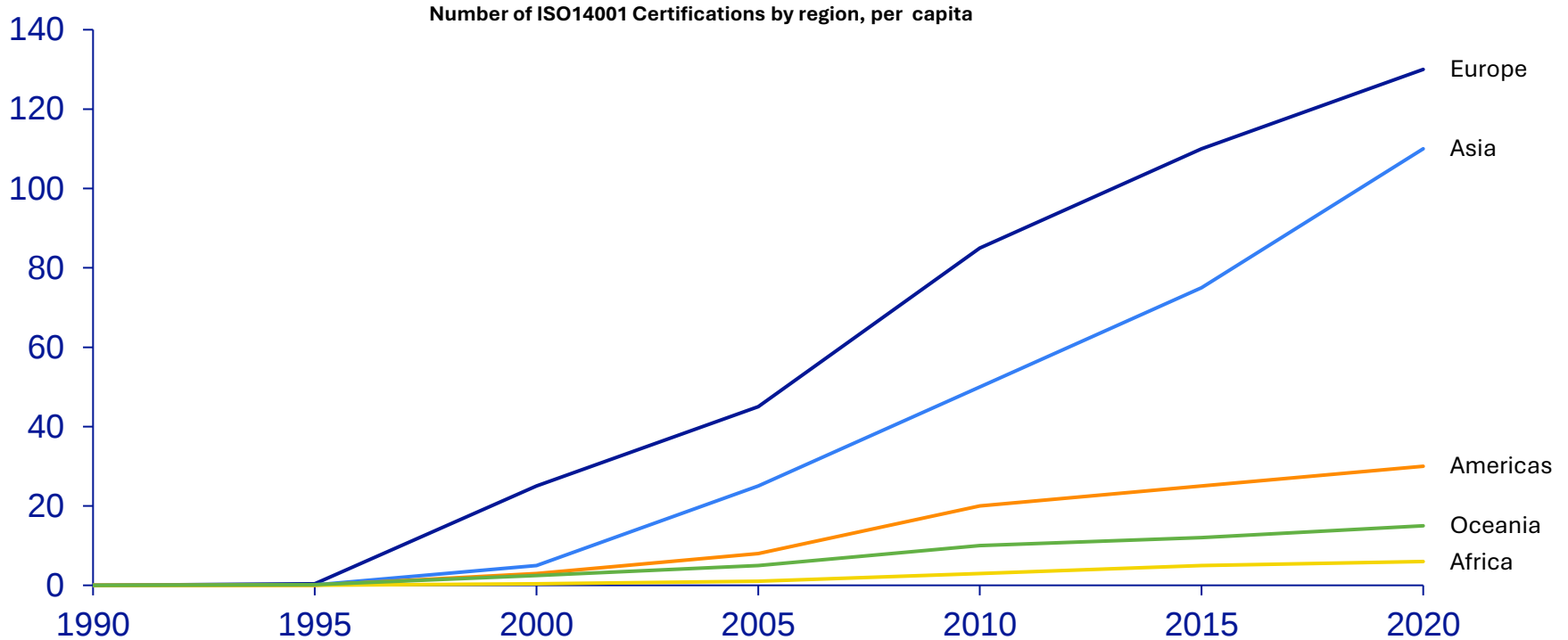
- **Initiative for Responsible Mining (IRMA) standard becomes prerequisite for lithium procurement**
- Committed to **gradually applying IRMA in its battery supply chain**, sourcing battery raw materials only from mines that are audited against IRMA standard

2025

Extending to 18 key raw materials

- VW plan to develop a **sustainability specification sheet for steel** and continue engaging with steel suppliers **and relevant industry initiatives.**

Uptake of ESG – historical example



Source: International Standards Organisation (ISO)

Anglo American's approach to supply chain transparency and responsible sourcing

Core business commitment

We integrate sustainability into our operations, helping to support long-term positive impact

At the heart of our business operation lies a steadfast commitment to ethical sourcing practices.

We prioritise integrity and fairness in our purchasing endeavours, helping to ensure that every transaction upholds principles of decency, fairness, and respect for fundamental human rights.

Our Responsible Sourcing commitment extends beyond mere compliance with laws; it is a proactive effort to combat modern slavery, promote decent work principles, and safeguard human rights throughout our supply chains.



Anglo American's internal practices

Robust Policy



We have a comprehensive set of policies, standards and principles that helps ensure we uphold the commitments we make to our stakeholders.

Robust internal policies and standards to help ensure responsible commodity sourcing¹.

Independent Assurance



We are recognised by a number of sustainability frameworks, highlighting the responsible and transparent way in which we work.

Independent assurances are testament to our systems and processes and provides additional comfort for customers.

Technology



Valutrax

The information you need at your fingertips

We leverage technology such as blockchain to provide secure and reliable provenance data to customers who want it.

1. Responsible Sourcing Policy: <https://www.angloamerican.com/suppliers/responsible-sourcing>

Our approach in action

A leader in responsible mining

We have a comprehensive set of policies, standards and principles that ensure we uphold the commitments we make to our stakeholders.

SHE Way – upholds our principles for excellence in Safety, Health and Environmental management.

Social Way – sets out our approach to social performance.

Human Rights Policy – outlines our commitment to respect and protect human rights.

Responsible Sourcing Standard – sets out our vision for sustainable, responsible, local procurement.

Climate Change Policy – informs our approach to the challenge of climate change.

Water Policy – guides our efforts to lead sustainable water management.

Tailings Management Standard – governs the safe management of our tailings storage facilities.

Business Integrity Policy – guides us to behave to the highest standards of integrity.

Anglo American is recognised by a number of sustainability frameworks, such as the UN Global Compact and the Responsible Jewellery Council. Our involvement in these initiatives highlights the responsible and transparent way we in which we work.



Anglo American is a member of ResponsibleSteel™, a global multi-stakeholder standard and certification initiative for steel.



In 2022, we met our Sustainable Mining Plan target of 50% of our mining operations to be audited against recognized responsible mining certification systems and are on course to have all our operations audited by 2025.



The Los Bronces and El Soldado mining operations and the Chagres smelter – were awarded the Copper Mark, the assurance standard for responsible production practices, in March 2022.



Anglo American is included in the FTSE4Good Index, a listing of companies that meet a series of stringent corporate responsibility standards.



Listed in the Dow Jones Sustainability Index – which benchmarks sustainability performance of leading companies, based on environmental, social and economic performance – with top 10% S&P Global ESG Score.



A founding member of the ICMM, a leadership organisation working for a safe, just and sustainable world that is enabled by responsibly produced minerals and metals.



Conform to LPPM (London Platinum and Palladium Market) Responsible Sourcing Guidance with LPPM Good Delivery and Sponge Accreditation



Included in the Bloomberg Gender-Equality Index (GEI) which tracks the performance of companies committed to disclosing their efforts to support gender equality through policy development, representation and transparency.

Requirements and expectations from partners in ethical excellence

We hold our counterparties to the same high standards. Our approach includes rigorous auditing through our responsible sourcing policy, helping to ensure that our partners adhere to our ethical requirements.

Moreover, we empower our counterparties by assisting them in enhancing their sustainability initiatives. By sharing our expertise and resources, we help them elevate their practices to meet OECD standards.



Holding suppliers to high ethical conduct

Suppliers, including providers of goods and services, agents, contractors, and intermediaries, are expected to uphold principles of health and safety, environmental protection, labour rights, community engagement, and business integrity.



Fostering awareness among suppliers and partners

Through collaborative efforts, we aim to enhance transparency, promote ethical conduct, and drive continuous improvement across our value chain.

1. Responsible Sourcing Policy: <https://www.angloamerican.com/suppliers/responsible-sourcing>

Valutrax

Looking ahead: A stronger demand

Growing consumer demands

People are more informed than ever about the impact of their purchasing decisions and are choosing to support companies that align with their values.



Companies are also influenced

Companies that prioritise sustainability, transparency, and ethical practices are better able to align with customers' values.



Stricter laws and guidelines from the Government

Regulations are designed to ensure companies adhere to high standards of environmental protection, social responsibility, and governance.



Responsible mining for a better future

Our commitment to ethical value chains underscores our dedication to responsible business practices, integrity, and accountability.

By upholding these principles, we not only help to ensure compliance with regulations but also contribute to a more equitable, sustainable, and prosperous future for all stakeholders involved in our supply chains.

Together, we can achieve responsible sourcing and mining for the betterment of society and the environment.





Thank you