

INTERNAL

BUSINESS INTEGRITY



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

Mark Cutifani
Chief Executive

GROUP FACILITATION PAYMENTS PREVENTION OF CORRUPTION PROCEDURE

v.1

Valid from: 15/05/2019

Policy owner: Head of Ethical Business Conduct

Context

This Procedure sets out Anglo American's position on facilitation payments (nominal payments for the performance of routine services).

The purpose of this document is to set out the standards of conduct required at every level within Anglo American, our subsidiaries, joint ventures and associates on the part of those with which we do business and those who work on our behalf in relation to requests for facilitation payments. The Procedure:

- *Sets out the prohibition on making facilitation payments.*
- *Outlines the response and reporting approach that must be taken where such payments are demanded under duress.*

What are Group Function and Business Unit Responsibilities

ABAS – Ethical Business Conduct Team (EBCT)

- The EBCT are responsible for maintaining and communicating the Business Integrity Policy and its accompanying Prevention of Corruption Procedures around the Group through training and awareness-raising activities.
- The EBCT are responsible for providing advice and guidance on how to resolve and report facilitation payments that have been identified as having been made by Corporate Functions and Business Units in line with the Anglo American Code of Conduct and Business Integrity Policy.
- The EBCT are responsible for monitoring the implementation and effective functioning of the Business Integrity Policy and its accompanying Prevention of Corruption Procedures.

Group Legal

- Group Legal are responsible for providing a legal opinion, where requested to do so, on whether an identified facilitation payment represents a breach of any legislation to which Anglo American Group is subject.

Business Units / Corporate Functions

- All Business Units / Corporate Functions are responsible for defining business roles and designating specific managers whom employees are able to consult and to whom a report should be submitted when they have made a facilitation payment under duress.
- All Business Integrity Implementation Managers, in conjunction with the Business Unit Heads and, where appropriate, the EBCT are responsible for determining who requires training in their respective Business Units / Corporate Functions and to monitor completion of training.
- All Business Units / Corporate Functions must ensure compliance with local anti-corruption laws.

What are Facilitation Payments

A facilitation payment is a payment of nominal value made to a government official whose duties are essentially administrative in nature in order to secure the performance of routine governmental non-discretionary actions to which the payer is legally entitled. Examples of such payments include for the processing of a visa application or connecting power or water supplies, when all relevant requirements have clearly been met.

Payments to lower level officials as a personal benefit to them to secure or speed the performance of a routine action to which the payer is entitled, are an issue because:

- Facilitation payments are a type of bribe. The Anglo American Business Integrity Policy does not distinguish between the two, although facilitation payments may be legal or accepted in the jurisdiction in which you are working.
- Facilitation payments are illegal in many countries, including the United Kingdom, which applies its law extra-territorially, or are not explicitly exempt from criminal sanction.
- Paying for the performance of routine government services may easily open the door to more serious forms of corruption.

Three more detailed illustrative examples are provided in [Appendix 1](#) below.

What are my Responsibilities?

Facilitation payments are prohibited. Approval to make facilitation payments will not be given.

When you encounter a situation that is or may be a request for a facilitation payment, you must immediately report this to your line manager. Such practical problems do arise in everyday business in certain countries, but they can usually be resolved in other ways.

If you make a payment which could possibly be misunderstood as a facilitation payment, you must notify your line manager and a designated senior person in the business immediately and make sure that the payment is properly documented and posted to the correct account in the books and records of the Company.

Payments Under Duress

We recognise that in rare situations payments may be demanded under duress. Duress may be defined as a situation of actual or threatened violence / harm or imprisonment to force a person to enter into an agreement or to do an act against their will. The threat of violence or imprisonment may be to the person themselves or to others.

Anglo American employees must be free to carry out their duties without fear of intimidation or threat of violence. The safety and security of our employees is our

paramount concern. We do not expect any employee to compromise their safety or security or that of others in order to comply with the terms of this policy.

Reporting

Employees must, however, immediately report any incident where they have been threatened or intimidated to carry out an act which may result in a breach of this Procedure to the designated responsible person within their Business Unit, copied to the Ethical Business Conduct Team. After appropriate internal consultation such incidents must also be reported to the relevant authorities (if required) in order to prevent any recurrence.

Even where an employee has been asked for facilitation payments, but does not make such payments, this should also be reported as per above.

Never attempt to disguise a facilitation payment as something else or conceal it. Under international anti-bribery legislation the penalties for disguising payments of this nature may be greater than the penalties for making one.

It is mandatory that everyone attends and/or completes the relevant Business Integrity training and awareness on facilitation payments.

It is everyone's responsibility to know where to go to for further guidance (e.g. guidance on the portal) and who to speak to if necessary (e.g. the EBCT). If you are in any doubt about a situation, or require a clearer interpretation of what is appropriate, legitimate or ethical business behaviour, you must discuss this with your line manager or seek advice from the EBCT.

Spreading the Word

Training and Communication

All relevant employees and contractors must be made aware of the Group Business Integrity Policy and its accompanying Procedures in their induction.

Workshop and online training are provided to those employees, contractors and third parties whose roles expose them to the risks of bribery and corruption, including facilitation payments. These 'relevant' employees will be defined by Business Integrity Implementation Managers in conjunction with their Heads of Department, and, where appropriate, the EBCT.

Communication and awareness materials are available to ensure that the Policy, the requirements of the Business Integrity Prevention of Corruption Procedures and supporting tools are regularly communicated throughout the organisation through communications, management engagement, EBCT briefings and training.

All Business Units / Corporate Functions are responsible for ensuring that their consultation and escalation processes in place in relation to facilitation payments are clearly communicated to employees.

Keeping on Track

Monitoring, Reporting and Assurance

Adherence to the Business Integrity Policy and implementation and evolution of its associated programme is subject to regular reporting and monitoring, and annual assurance to enable the determination any development or adaptation of Policy, Procedures, controls and training that may be required.

Consequence of Breach

Employees, contractors and suppliers must report any breaches, or potential breaches of the Business Integrity Policy and this Procedure. Violations of this Procedure will lead to disciplinary action in accordance with the Group disciplinary procedures. Disciplinary actions may involve sanctions up to and including summary dismissal.

We are committed to reporting all instances of corruption and other forms of dishonesty to the relevant authorities and to facilitating criminal action against the individual(s) concerned and we will seek redress for any losses arising from such actions.

YourVoice

The YourVoice facility provides a confidential and secure means for our employees, contractors, suppliers, business partners and other external stakeholders to report and raise concerns about conduct which is contrary to our values and standards, as described in our Code of Conduct, the Business Integrity Policy and the accompanying Business Integrity Prevention of Corruption Procedures.

YourVoice provides telephone and website intake channels operated by independent companies in the regions that Anglo American operates. The facility is available 24 hours a day, seven days a week and includes translation services. A link to the YourVoice facility is provided on Eureka!. YourVoice can also be contacted via www.yourvoice.angloamerican.com.

At Anglo American we do not tolerate any form of retaliation against employees raising concerns in good faith. Allegations of retaliation against or harassment or intimidation of an employee by others as a result of a call to YourVoice will be investigated and appropriate action taken, including disciplinary action up to and including dismissal of the employee(s) responsible for reprisals.

Further Information

Internal References

This Procedure must be read in conjunction with the following other resources:

- Group Business Integrity Policy
- All relevant Business Integrity Prevention of Corruption Procedures
- Group Whistleblowing Policy

Appendix

1. Illustrative examples of facilitation payments

If you need any further information, contact the Ethical Business Conduct Team via EBCT@angloamerican.com.

Appendix 1: Illustrative Examples of Facilitation Payments

Illustrative example 1

All of the relevant paperwork has been completed and supporting documentation provided for a visa application for a newly hired expatriate Anglo American employee. The visa has been formally approved but you have been advised that there will be a delay of several weeks before it is issued. The expatriate is due to arrive the following week to attend critical business meetings. In an effort to speed up the process you attend the visa application office in person. The official responsible informs you that the visa can be issued the following day, on payment of a modest sum.

The following issues must be considered:

- Has the payment been demanded under duress?
- Has adequate consideration been given to how the payment can be avoided?

It is clear that the payment has not been demanded under duress. While the payment has been requested in order to speed up the processing of the visa, there is no threat to your safety or security. As such, the terms of the Anglo American Business Integrity Policy must be complied with and the payment must not be made.

Consideration must be given to whether the meetings could have been conducted by telephone or video conference or simply deferred until the visa is issued.

Illustrative example 2

You are returning at dusk with two colleagues to the main site location after a trip to inspect some drilling equipment which has just arrived at the local port. Your vehicle is stopped at an impromptu checkpoint by a group carrying automatic weapons. They demand a payment of US\$150 which they characterise as a contribution towards a fund for the upkeep of local roads. When you ask to see some official identification one of the individuals raises their weapon and leans into the car, repeating the demand for the money. You give the individual the money and are allowed to drive on.

On returning to the site office you prepare a claim for reimbursement of the expense. As you leave at the end of your shift you express the hope to a colleague that this must now bring the problems to an end.

The following issues must be considered:

- Is there a risk to the safety and security of you and your colleagues?
- What action must be taken following the incident?

There was a manifest threat of violence and clear risk to the safety of you and your colleagues. A weapon was used to intimidate you. In such circumstances you must immediately hand over the sum requested.

Incidents of this nature must immediately be reported to the designated responsible person within the Business Unit and to the Business Integrity Compliance Department. An incident of this type must also be reported to the relevant government and legal authorities through the appropriate channels. It is important to do everything possible to ensure that such incidents do not recur.

Illustrative example 3

You are concerned at the length of time taken by the local government to approve the issue of a blasting permit for a mine which Anglo American has recently purchased to restart operations after a hiatus of some five years following the insolvency of the previous owner.

At a meeting with the relevant government official, they explain that the bureaucratic process is painfully slow but the payment of a modest sum must enable them to “oil the wheels and get things moving”.

The official explains that this is the way that things get done in their country.

The following issues must be considered:

- Is this a request for a facilitation payment?
- What is the ultimate purpose of the payment and who is the intended beneficiary?
- Is the payment likely to lead to an improper advantage for Anglo American?
- Is there a legitimate and transparent “fast track” process through which applications can be accelerated?

This is clearly not a request for a facilitation payment. The local government has discretion as to whether to issue the blasting permit or not. It is not a routine action to which Anglo American is entitled. The ultimate purpose and beneficiary of the payment are unclear.

The grant of the blasting permit is likely to lead to a business advantage for Anglo American. Were such a payment to be made, this would be illegal and not permitted

under the Anglo American Business Integrity Policy and Prevention of Corruption Procedures. An advantage would have been obtained by attempting to influence a decision improperly by paying an illegal bribe.

Document Control

Procedure approval:

Name/job title of Policy owner:	Group Director - Finance
Approval date by Policy owner:	19/11/2018

Document Control

Frequency of procedure review after date of issue:	Every 2 years
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If this procedure has one or more approved waivers in place:

No.	N/A
Waiver applies to	N/A
Waiver in place from	N/A
Expiration of waiver	N/A
Date waiver approved	N/A

The following changes have been made since this document was previously issued:

Old procedure name, date, and version number:	Group Facilitation Payments Prevention of Corruption Procedures (Nov 2018)
Main changes made:	<ul style="list-style-type: none"> Replaced Speak Up with YourVoice as the name of the Whistleblowing service and update associated content.

Suggested changes to the Procedure:

Any suggested changes or amendments to this Procedure document should be submitted to the Policy owner along with the reasons for suggesting them. Updates to this Procedure will, from time to time, be tabled for approval at the Policy Governance Committee.

All suggestions will be acknowledged and if rejected, the reasons given for their rejection.

Accepted changes will be administered through the policy governance system.