

INTERNAL

BUSINESS INTEGRITY



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

Mark Cutifani
Chief Executive

GROUP GIFTS, ENTERTAINMENT AND HOSPITALITY 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 approach to managing business integrity risks associated with offering or providing gifts, entertainment and hospitality.

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 offering or providing gifts, entertainment and hospitality. The Procedure:

- *Sets out key considerations to take into account in relation to receiving and offering gifts and entertainment.*
- *Outlines generally unacceptable versus permitted types of gifts, entertainment and hospitality expenditure.*
- *Describes the Group's position on employees receiving gifts, entertainment and hospitality.*
- *Identifies risk factors that may indicate that gifts, entertainment and hospitality may be construed or used as a bribe.*
- *Summarises the consultation and approval mechanisms that should be in place for reviewing the appropriateness of offers of gifts, entertainment and hospitality made or received.*

Does this apply to me?

The Group Business Integrity Policy and its accompanying Prevention of Corruption Procedures apply to all employees and contractors of Anglo American. Anglo American's supplier contracts will require suppliers of goods and services to the Company to adopt this Policy and its Procedures or equivalent standards and our Board representatives will seek to secure the adoption of comparable standards in joint ventures or associate companies.

These are Group Procedures that apply to Anglo American globally, unless any aspect of their content is not permitted by local law or regulation.

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 developing and sharing good-practice examples of gifts, entertainment and hospitality registers and other relevant prevention of corruption materials to Corporate Functions and Business Units where requested to do so.

- The EBCT are responsible for providing advice and guidance on how to resolve any issues related to receiving or providing gifts, entertainment and hospitality identified by Corporate Functions and Business Units in line with the Anglo American Code of Conduct and Business Integrity Policy.
- The ECBT are responsible for monitoring the implementation and effective functioning of the Business Integrity Policy and its accompanying Prevention of Corruption Procedures.
- The EBCT are responsible for monitoring local thresholds that have been set by the BUs for reasonableness.

Group Legal

- Group Legal are responsible for providing a legal opinion, where requested to do so, on whether a specific situation in which gifts, entertainment or hospitality have been provided to or received by one or more Group personnel 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 ensuring that they have defined and communicated appropriate local thresholds for the application of this Prevention of Corruption Procedure. Such thresholds must be subject to periodic review.
- All Business Units / Corporate Functions are responsible for ensuring that there is a process of approval for provision and receipt of relevant categories of gifts, entertainment and hospitality expenditure (for example, gifts in excess of a prescribed value or meals which are not directly business related), and that these processes are clearly communicated to employees.
- All Business Units / Corporate Functions are responsible for defining business roles and designating specific managers whom employees are able to consult when they are in doubt as to the appropriateness of any proposed gift, entertainment or hospitality expenditure.
- All Business Units / Corporate Functions are responsible for ensuring that a gifts, entertainment and hospitality register is in place and that all employees appropriately disclose both incoming and outgoing gifts, entertainment and hospitality above a specific minimum threshold value.
- Where the proposed gift, entertainment or hospitality to be offered is significant in value, confirmation must be obtained from a line manager that such gift, entertainment or hospitality is acceptable and does not represent a breach of Anglo American's Business Integrity Policy and Prevention of Corruption Procedures.
- 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 Constitutes Gifts, Entertainment and Hospitality?

Providing gifts and entertainment (such as meals, travel and hospitality) is often considered a form of courtesy and is common business practice in most countries.

The exchange of modest gifts and entertainment may help to build goodwill and fostering good relations with business partners and other stakeholders through legitimate, occasional social interactions.

Anti-corruption laws prohibit offering or providing anything of value, including gifts, entertainment and hospitality, to a third party in order to obtain an improper advantage or to otherwise improperly influence official action. The focus of this Procedure is upon 'impropriety' of this nature; it is not intended to restrict the building of legitimate working relationships or constructive business networks.

The provision of lavish or disproportionate gifts, entertainment and hospitality may be used or construed as a bribe, particularly if the gifts, entertainment or hospitality are provided in the context of a potential business transaction or regulatory approval. Even if the intent is not corrupt, there is still a risk that a recipient or an objective third party may perceive the gift, entertainment or hospitality to be an attempt to gain an undue advantage. This may result in embarrassment to Anglo American, damage to our reputation as well as creating potential legal liability for the Company or for the individuals involved.

Concerns are created where:

- Entertainment, gifts or hospitality are or appear to be linked to a forthcoming regulatory or commercial decision.
- The value of the gift, entertainment or hospitality is lavish or disproportionate.
- The nature or pattern of the giving of gifts, entertainment and hospitality appears intended to undermine the objectivity of a public official, supplier, contractor or customer.

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

What are my Responsibilities?

When considering the giving or the receipt of gifts, entertainment or hospitality, the following factors need to be taken into account:

- **Is the proposed gift legal?** Even if custom and practice in a country is different from what the law states, you must regard the law as a minimum benchmark. You must also consider whether other global standards that may apply to the Anglo American Group, such as UK law or, in certain instances, US or South African law, may apply.
- **The context of the interaction.** For example, is a decision on a new contract pending or is the intended recipient a government official who is about to decide on the grant of a permit?

- **The intention behind the gift.** Is the gift merely a gesture of general goodwill or has it been offered with the intention or expectation of receiving a specific business advantage in return?
- **The value of the gift or the cost** of the entertainment and hospitality. Does it genuinely represent something, in the given context, of modest value which could not reasonably be construed as having an improper intent?
- **The risk that any gift or entertainment** could be misconstrued. The recipient or an objective third party might misconstrue the gift or entertainment as an attempt to gain an improper advantage.

All gifts, entertainment and hospitality offered or provided must comply with the following guidelines:

- It is not offered or made in exchange for a contract, a permit or any other specific benefit or to obtain an improper advantage in the conduct of business.
- It is permitted by local law and any applicable global standard.
- The value is not lavish or disproportionate in the context in which the gift or entertainment is provided.
- The value is reasonable and appropriate to the recipient's position and circumstances and to the occasion.
- The circumstances and value of the gift do not create an appearance of bad faith or impropriety, and could not reasonably be misunderstood by the recipient or others as a bribe, even in hindsight.
- The frequency of gifts or hospitality provided to the same recipient would not create the appearance of impropriety.
- It is recorded transparently, accurately and fairly in Anglo American's books and records on a timely basis so that the nature of the expenditure as a gift, entertainment or hospitality can be clearly identified.

Caution must be exercised if the intended recipient has (or has had) direct or indirect decision-making responsibility over an anticipated or pending regulatory or commercial decision that will affect Anglo American's interests.

All gifts, entertainment or hospitality given or received above the minimum threshold set by the Business Units / Corporate Functions must be reported through the appropriate channels and approval must be obtained in line with the Business Units / Corporate Functions' procedures.

It is mandatory that everyone attends and/or completes the relevant Business Integrity training and awareness on gifts, entertainment and hospitality.

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.

Generally Unacceptable

Some examples of gifts, entertainment and hospitality which are generally prohibited and which must not be incurred or accepted without appropriate consultation and approval, are:

- Payments of cash.
- What may be seen as extravagant or lavish forms of hospitality.
- Payment of expenses for shopping trips.
- Payment of travel expenses for trips which have no direct connection to a business purpose.
- Provision of company assets for non-business purposes.
- Gifts to, or the provision of entertainment for, spouses, family members or other individuals having a close personal relationship with the recipient, unless they are nominal in value.
- Per diem payments connected with travel unless they are:
 - Permitted under applicable laws and customary in similar circumstances.
 - Intended to reimburse reasonable expenses* necessarily incurred in connection with Anglo American business.

***Reasonable expenses** may include appropriate compensation for time provided as a result of involvement with Anglo American business, for example by members of local communities who agree to give up time to be involved in consultation processes.

Permitted Gifts and Entertainment

Accepting or offering gifts of modest value is acceptable in situations where it is legal and in accordance with local business practice (i.e. where the exchange of gifts is customary and the gifts are appropriate for the occasion).

Some examples of permitted gifts, entertainment and hospitality that can be provided or accepted are:

- Small gifts of modest value such as promotional items that display the Anglo American or counterparty organisation's logo.
- Gifts and entertainment that are modest in value relative to the situation, comply with local law and are customary as a courtesy or as a token of regard in the relevant country (for example, when calling upon a Head of State or at a time of national celebration or festival where the giving of small gifts is normal practice).
- Meals which comply with the guidelines above and are business related (e.g. the meal takes place in the course of a meeting or another occasion, the purpose of which is to hold bona fide business discussions).
- Invitations to attend a charity fund-raising event (where the ticket price is likely to be significantly above the intrinsic 'value' of the entertainment) transparently, as Anglo American's or the counterparty organisation's guest. However, extending such invitations to public officials must be considered on a case-by-case basis and is subject to senior management approval.

It would always be wrong for such an invitation to be extended to a public official who is likely to be imminently involved in considering the award of a licence or permit to the Company.

Two helpful tests to apply to judge the acceptability of a gift or entertainment are:

1. Would there be adverse comment if the nature of the gift/ entertainment which it is proposed to give to the specific recipient were to be made public (however unlikely it may seem)?
2. Would Anglo American regard such a gift or hospitality as acceptable if offered by a competitor to a government official or by a supplier to one of our managers?

Receiving Gifts, Entertainment and Hospitality

We have a responsibility to ensure that our dealings with suppliers are based on objective decisions and are not influenced by gifts or favours. We prohibit employees from soliciting or receiving gifts and entertainment including favours, goods, gratuities, money and services that:

- May create a sense of obligation.
- May influence or be perceived to influence their business judgement.
- May create, or appear to create, a conflict between an employee's personal interests and those of their employer or of the Anglo American Group as a whole.

Only corporate branded gifts or other gifts of modest value may be accepted from suppliers (e.g. pens, key fobs, desk ornaments, equipment models, caps).

Meals may only be accepted if they relate to Anglo American business or if they form a venue for business discussions. Frequent meals with the same supplier must be avoided.

Risk Factors

Some examples of warning signs that gifts or entertainment may be used or construed as a bribe are:

Provision of gifts and entertainment:

- Requests for gifts or entertainment.
- Requests that gifts be sent to a private address, rather than the recipient's official/business address or that any such gifts not be disclosed.
- Requests for gifts or entertainment that are excessive in value.
- The nature or value of the gift would be likely to embarrass the recipient or Anglo American if made public.
- Gifts are provided as a reward for past or future actions.
- The gift is inappropriate, given the position and rank of the recipient.
- Gifts are given to spouses, partners, relatives or friends of the recipient.
- Attempts are made to conceal the nature or value of gifts, entertainment travel or accommodation expenses by either the giver or the recipient.

Offers of gifts and entertainment from suppliers:

- Offers of gifts or entertainment received at a time when the relevant supplier contract is about to expire or is up for renewal.
- Frequent/repeated offers of hospitality/gifts from the same supplier.
- Offers of personal favours or other treatment of a preferential nature (for example, goods or services free of charge or at artificially reduced prices, holidays or other accommodation of any nature, payment of travelling costs, personal loans).

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 gifts, entertainment and hospitality. These 'relevant' employees will be defined by Business Integrity Implementation Managers in conjunction with their Heads of Department, and, where appropriate, the EBCT.

Where applicable and possible, communication and awareness materials should be made available to ensure that the Business Integrity Policy, the requirements of this Procedure and any supporting tools are regularly communicated throughout the organisation for example through management engagement, EBCT briefings and training.

All Business Units / Corporate Functions are responsible for ensuring that their consultation, disclosure and approval processes in place in relation to gifts, entertainment and hospitality 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 monitoring, reporting and annual assurance to enable the determination of any areas for improvement and the 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 gifts, hospitality and entertainment

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

Appendix 1: Illustrative examples of Gifts, Entertainment and Hospitality

Illustrative example 1: Private vs. Business Relationships

You are negotiating a potential mining licence with the government of a country, in competition with a rival company. Both you and your competitor receive an invitation to the wedding of the daughter of the government minister overseeing the

negotiations. The minister has been a personal friend for many years. As a gift, you are considering an antique clock.

The following issues must be considered:

- Are you providing something of value?
- Is there an intention to influence?
- How might the gift be perceived by the company or an objective third party?

Yes, you would be providing something of value. Although your personal intent may be to provide the daughter of your friend with a wedding present, you must avoid any appearance of impropriety for yourself and for Anglo American.

Here two risk factors are present:

1. *The value of the antique clock is high.*
2. *The father of the intended recipient currently has decision-making authority over a significant business matter for Anglo American.*

The gift represents a high reputational risk for Anglo American, even though you have a personal relationship with the bride's father and would pay for the gift with personal funds. A gift to the minister's daughter could easily be perceived as being intended to influence the minister who is overseeing the grant of the licence, especially since both you and your competitor have been invited to the wedding.

Consider the same scenario but the proposed gift is a flight in an Anglo American helicopter to the couple's honeymoon destination.

- Are you providing something of value?
- Is there an intention to influence?
- How might the gift be perceived by the company or an objective third party?

*Yes, you would be providing something of value. Making the helicopter available raises the additional issue of the use of Company assets for private purposes. This is not permitted. Please also refer to the **Use of Company Assets Prevention of Corruption Procedure**. In addition, the use of the helicopter could be perceived as a Company gift rather than a personal gift – heightening the risk to Anglo American. It could, in these circumstances, also be thought of as a political donation – depending upon the purpose of the flight (please refer to the **Political Donations Prevention of Corruption Procedure**).*

Illustrative example 2: Entertainment

Anglo American owns a season ticket for an executive lounge at a soccer stadium. A senior Business Unit manager wishes to invite two representatives of one of its largest customers to the lounge to watch a game. Would this be allowed?

The following issues must be considered:

- Has the invitation been provided openly without any attempt to conceal its nature or value?
- Are the invitation and any related costs recorded transparently, accurately and fairly in the Anglo American books and records?
- Is this customer frequently invited to similar events?
- Is there an exception that the individuals watching the game will reciprocate by providing a benefit to Anglo American or the individual manager?
- Do the intended recipients of the entertainment have direct or indirect decision making responsibility over a pending decision that will affect Anglo American's interests?

If the responses to the above questions are satisfactory, then the entertainment is permissible.

Illustrative example 3: Receiving Entertainment

You have recently received an invitation from a major supplier to attend an extreme sports weekend at an exclusive sports and spa resort. The invitation also extends to your spouse. Somewhat surprisingly, you learn that your main contact at the supplier is unlikely to attend. You are also aware that certain colleagues were recently entertained at a shooting day by the same supplier.

The following issues must be considered:

- Is there an identifiable business reason for joining the event?
- Is the value of the entertainment unusually high?
- Is there a business decision pending involving this supplier such as the renewal of a contract or an imminent tender process?
- Is this one of a number of invitations which have already been accepted from the same host?

- How would your presence at such an event be perceived if it became public knowledge? What impact, if any, would this have on Anglo American's reputation if it became known?

The risk in this situation is heightened by the following:

- It appears unlikely that there is an identifiable business reason for the event, given the presence of spouses and the probable absence of your main contact
- The value of the entertainment is high
- The same host has recently entertained a number of your colleagues

In the circumstances, very careful consideration must be given to the factors highlighted above and consultation with line management must be undertaken.

Illustrative example 4: Receiving Entertainment

You are the site manager at a relatively new operating location in a remote territory. You receive an unannounced visit from a local community leader who played a leading role in the amicable discussions which led to the extension of a road in order to supply the mine. It is a local festival and the community leader has brought a gift of an elaborate wooden carving for the mine. You are minded to accept the gift.

The following issues must be considered:

- Is the gift of modest or nominal value?
- What is the context in which the gift is provided? Are there any commercial negotiations ongoing with this individual?
- Has the gift been offered with the expectation of receiving an advantage in return? Is the giving of gifts of this nature customary?
- How would accepting this gift look to an objective third party? How would it look if the acceptance of this gift was reported in the press?

If the responses to the above questions are satisfactory, then it appears reasonable to accept the gift.

This must be appropriately recorded in a Gifts and Entertainment Register immediately on receipt. Consideration must be given to explaining to the donor how the gift will be used – for example, displayed in the Company office. Where appropriate, consideration may be given to donating the gift to charity or raffling it for the benefit of employees with the proceeds of the raffle donated to charity.

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 Gifts, Entertainment and Hospitality 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.

