



Code of Conduct: Business Integrity

GROUP SOCIAL AND COMMUNITY INVESTMENT AND ENTERPRISE DEVELOPMENT ACTIVITIES PREVENTION OF CORRUPTION PROCEDURE

Associated policies:	Group Business Integrity Policy
Valid from:	01/10/2022
Procedure owner:	Head of Ethical Business Conduct
Procedure version number:	V2

Context

This Procedure explains what constitutes social and community investment and enterprise development activities in the context of Anglo American’s operations, and sets out our approach for managing any corruption risks that these can create.

The Procedure:

- *Describes the company’s policy on social and community investment and enterprise development activities.*
- *Explains the risks related to social and community development.*
- *Describes the relevant risk management process to address these challenges, including the required evaluation and approval process for proposed investment projects.*

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1. Does this apply to me?

The Group Business Integrity Policy and its accompanying Prevention of Corruption Procedures apply to all employees and those contractors who act on behalf of Anglo American.

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

2. 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 support the Business Units and Corporate Functions with training and awareness-raising activities, where requested to do so.
- The EBCT are responsible for developing and sharing good-practice example approaches and/or guidance for the evaluation of, and approval mechanisms for, social and community investments and enterprise development activities and other relevant prevention of corruption materials to Corporate Functions and Business Units where requested to do so.
- The EBCT must be consulted in the case of any doubts as to the appropriateness of a social or community investment or enterprise development activity.
- The EBCT are responsible for providing advice and guidance on how to resolve unsuitable social and community investments and related activities 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.

Group Head of Responsible Business Partnerships

- The Group Head of Responsible Business Partnerships is responsible for the central review and approval of all proposed social and community investment and enterprise development projects that exceed \$500,000 annually, or where the total budget for the project exceeds \$1 million.

Group Legal

- Group Legal are responsible for providing a legal opinion, where requested to do so, on whether a proposed or identified social or community investment or enterprise development activity 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 which employees, contractors and third parties whose roles expose them to the risks of bribery and corruption, including social and community investment and enterprise development, must receive focused Business Integrity training.
- All Business Units / Corporate Functions are responsible for defining their own social investment risk assessment and due diligence processes and communicating which Line Managers or other designated Senior Manager(s) have the authority to adjudicate whether an investment below \$500,000 is acceptable or not. When above these thresholds, approval must be sought from Group Head of Responsible Business Partnerships.
- The Business Units / Corporate Functions are required to ensure that adequate risk-based due diligence is conducted, questions / issues are raised and resolved and accurate records of the process and results are maintained. The results should also be reported to the designated management.
- 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.

3. What are social investment projects?

For the purpose of this Procedure, social investments include our enterprise development activities and also donations in kind (see Social Way 3.0 SED section for more detail).

Examples of social investments in kind include:

- Provision of materials.
- Making company facilities available.
- Providing computer equipment to charities.
- Provision of staff time during working hours.

We make charitable contributions and social and community investments with the objective of promoting sustainable community development, combating poverty and disease, protecting the environment and developing the capacities of people or institutions in the places where we work.

Social investment projects are part of Anglo American's commitment to the communities and the countries in which we operate and reflect our values as a responsible corporate citizen. Care must be taken, however, that such donations do not work primarily to the benefit of a particular government official, politician or party and controls must be put in place to ensure that they are not misused by third parties. Such donations and social investment must not be made if they either create or have the potential to create, the perception of impropriety.

Unfortunately, even legitimate social investment may be misused by third parties or can create the appearance of impropriety. For example, if a project is funded which is primarily identified with a particular politician or party, especially close to an election, and that politician has significant power or discretion which can be exercised to the benefit or detriment of an Anglo American operation or proposal, then the act of funding the project may constitute (or be seen to constitute) an attempt to secure an improper advantage. Such an investment may also be viewed by some as a political donation.

The corruption risk can also be more direct in situations where the social investment project is:

- Illegitimate.
- Lacking popular support or an objective basis for implementation (e.g. it has little or no relevance to established community needs or priorities).
- Failing to reflect established company social investment priorities.

A payment in these circumstances may be perceived to be an improper vehicle to conceal corrupt payments.

A detailed illustrative example has been provided in [Appendix 1](#) below.

4. What are my responsibilities?

In our dealings with communities and their representatives we will act transparently and in good faith.

It is mandatory that everyone attends and/or completes the relevant Business Integrity training and awareness on social and community investments.

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.

Evaluation and approval

Operations or Business Units must ensure that all proposed community development, social investment and enterprise development projects are subject to a robust evaluation and approval process, that adherence to the Social Way - 3.0 SED section requirements. These should ensure that:

1. The project addresses a relevant community need which is in keeping with Anglo American's Thriving Community aims of:

- i. Developing capacities.
- ii. Creating employment/strengthening livelihoods.
- iii. Providing funding for community development.
- iv. Protecting the environment.

v. Supporting local social and physical infrastructure.

2. The aims of the project have been clearly identified and are transparent.
3. An appropriate budget has been established and agreed and suitable financial controls and governance arrangements have been implemented to ensure that the funds are applied for the purpose for which they were intended.
4. (Where required) Anglo American is able to commit appropriately experienced and qualified personnel to manage and/or support the project.

Where an Anglo American business forms a partnership with another organisation such as an non-government organisation (NGO) or a community based organisation (CBO) or other local businesses in order to deliver a project, it must conduct appropriate due diligence in order to satisfy itself of the reputation, ethical standards and governance arrangements of any potential partner.

Business Units must ensure that clear consultation channels are established to ensure that the context in which social investment is provided, and the potential consequences of such investment, are fully considered.

In its social investment activities, Anglo American may also deal with “for profit” organisations in certain circumstances. Although not constituted as charities, these organisations may have a quasi-charitable or developmental function or work for the benefit of the community at large. Donations to such quasi-charitable organisations must only be made after appropriate consultation and approval from relevant internal stakeholders.

The guidance set out in Anglo American’s Social Way 3.0 Toolkit and Social Way Assurance Framework must be followed to ensure compliance with the above principles.

In addition, it is important to ensure that where an operation is dealing with a group or individual who are intended to be representative of the interests of a community, the risk of perceived corruption must be minimised through observing the following cautionary points:

- Any allowances or per diems paid to them must be proportionate to the time spent and their basis and quantum must be transparent to other community members.
- Robust governance arrangements must be put in place for the governance of any monies provided by the Company, including documented control processes and periodic audits.
- Contracts with and payments made to professional advisers of such representative groups must be transparent and controls must be put in place to ensure that no conflicts of interest arise between a firm’s wider relationship with an Anglo American Group company and its responsibilities to the community which it is advising.

Monitoring

- An process must be put in place to monitor that the social investment is being used for its intended beneficiary / purpose or not otherwise being misused.

Risk factors

The following are warning signs which may indicate that social investment expenditure involves a corruption risk:

- Requests or proposals for funding/participation are not supported by a structured, transparent needs assessment process, such as set out in SEAT.
- Payments are requested or provided as a reward for past or future actions.
- The amount of the social investment is disproportionate relative to the other social investments made by the operation or relative to the cause being supported.
- A public official who is in a position potentially to influence Anglo American's operations or a customer has an interest in the project in respect of which the social investment has been provided.
- A person who is a relative of a politician or public official approaches our enterprise development fund for support for a business proposal.
- Requests are received for monies to be paid up front with the manner in which the funds are to be applied to be determined at a later stage.
- Work on a project is put on hold after a transfer of funds or there is a significant time delay between the commitment of funds and the commencement of the project.
- Requests are received for funds to be transferred in cash and/or to private accounts.
- The project governance arrangements lack transparency and it is not possible to monitor the manner in which money is to be spent.
- The project eventually embarked upon is smaller in scope than the project which was originally approved and for which funding was provided.
- The request for a social investment involves community members or professional advisers who are undertaking a function, such as being on a standing community liaison panel or participating in the governance and oversight of a resettlement project, the performance of which can have a real and material impact upon Anglo American's business.

Consultation and Approval

Operations, Business Units and corporate entities controlled by Anglo American must establish and implement appropriate procedures to ensure that:

- There is a robust process of risk assessment, due diligence and approval for all material social investments. Business units are reminded that the Group Head of Responsible Business Partnerships is responsible for the central review and approval of all proposed social and community investment and enterprise development projects that exceed \$500,000 annually, or where the total budget for the project exceeds \$1 million.
- Employees consult the Ethical Business Conduct Team where they are in doubt as to the appropriateness of making a particular social investment.

Adequate record keeping of the above process to be retained, as per local country, sector and contract requirements.

5. 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 social and community investments. 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, disclosure and approval processes in place in relation to social investments and enterprise are clearly communicated to employees.

6. 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.

7. 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
- Anglo American Social Way 3.0 and Toolbox
- SED guidelines
- Group Whistleblowing Policy

Appendix

1. Illustrative example of social and community investment and enterprise development activities

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

Appendix 1: Illustrative example of social and community investment and enterprise development activities

Illustrative example 1

In partnership with a local NGO, you have agreed to fund the construction of a new maternity hospital for a community located close to an Anglo American mine and from which the mine draws the majority of its local workforce. The results of the due diligence carried out on the NGO were satisfactory and robust governance arrangements and controls have been put in place. A budget has been carefully costed and approved.

However, for reasons which are unclear, the project has been put on hold by the local municipality. On making further enquiries you learn that this is at the insistence of the mayor, who is due to stand for re-election in six months' time. The mayor led the council sub-committee which approved some key permits for Anglo American when operations at the mine started.

Work on the maternity hospital finally commenced some four months later and the opening coincided with the successful re-election campaign for the mayor. The provision of the maternity hospital for the community became a cornerstone of the mayor's election campaign and was undoubtedly a major factor in their re-election.

The following issues must be considered:

- The manner in which the social investment project is perceived depends on the context. In this example, a mayor was able to manipulate the timing of the project and use it to support their campaign for re-election. As such, the funding provided by Anglo American could be seen by some stakeholders as a form of political donation. Since the mayor was instrumental in issuing the permits to operate the mine, there is a risk of a perception to impropriety.
- The appearance of impropriety arises as a direct result of the timing of the project to coincide with the election campaign. The unexplained delay in commencing work was a warning sign. It may have been possible to prevent this delay by linking the funding to the achievement of various project milestones including a prompt start date rather than committing funds in advance of work commencing.

Resolution

The illustrative example highlights the importance of considering carefully the context in which social investment projects take place and the need to ensure that each:

1. Anglo American operation, Business Unit or social investment vehicle retains control of key elements of social investment projects – even when undertaken in partnership; and
2. that where implementation is dependent upon a counterpart, there are pre-agreed timelines that are strictly adhered to for the delivery of their contribution.

Document control

Procedure approval:

Name/job title of Policy owner:	Head of Ethical Business Conduct
Approval date by Policy owner:	23/09/2022

Frequency of Procedure review after date of issue:	Every 3 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:	Group Social and Community Investment and Enterprise Development Activities Prevention of Corruption Procedure
Old Procedure date:	15/05/2019
Old Procedure version number:	V1
Main changes made:	Updated the Group level review and approval limits for proposed social and community investment and enterprise development projects.

Suggested changes to the Procedure:

Any suggested changes or amendments to this Procedure document should be submitted to the procedure owner along with the reasons for suggesting them. Updates to this Procedure will, from time to time, be tabled for approval by Head of EBC team.

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

Accepted changes will be administered through the policy governance system.