

# SOCIAL WAY

Version 2

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## Letter from Mark Cutifani



The Anglo American Social Way defines our governing framework for social performance. This second version of the Social Way has been updated to reflect evolving

international standards and best practice. Our intention is for Anglo American to be recognised as leading the mining sector in our relationships with host communities.

We aim to make a lasting, positive contribution to the countries and communities in which we operate, in order to become Partners in the Future. To accomplish this, we seek to create and maintain mutually beneficial relationships by understanding and maximising the positive influence we can have on local development. This can be achieved by capitalising on the strengths of our core business through local procurement, infrastructure synergies and local workforce development as well as focusing on local institutional capacity building, enterprise development and education and health initiatives. The needs and concerns of all our stakeholders will inform and guide our approach to doing business.

At the same time, we recognise that to be a positive catalyst for development we must proactively manage the potential adverse impacts our activities can have at the local level. Without exception, we will respect and protect the human rights, livelihoods, culture, beliefs and heritage of our host countries and communities.

Our leaders are held to account for managing the social impacts of our activities, including those undertaken on our behalf by contractors. All line managers and supervisors are expected to provide effective leadership in managing social issues. All managed operations and sites are expected to fully comply with the requirements set out in the Social Way. This requires:

- **Resourcing:** appropriate staffing and training to ensure the development, implementation and governance of social performance requirements.
- **Engagement:** effective and inclusive engagement with local stakeholders.
- **Impact management:** proactive identification, assessment and management of social impacts.
- **Socio-economic development:** an integrated approach, focused on leveraging our core business activities in order to maximise the positive developmental contribution of our business.

This standard will be reviewed at appropriate intervals in order to incorporate best practice, to align with societal expectations and to embed what we have learned about the effective management of social performance.

A handwritten signature in black ink, appearing to read 'M. CUTIFANI'. The signature is stylized and includes a long horizontal line extending to the right.

**Mark Cutifani**  
**Chief Executive, Anglo American plc**  
**November 2014**



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The Anglo American Social Way (Social Way) defines our governing framework for social performance. It sets out clear requirements for all Anglo American managed sites to ensure that systems are in place to: engage with affected and interested stakeholders; avoid, prevent, mitigate and, where appropriate, remediate adverse social impacts<sup>1</sup>; and maximise development opportunities.

**Social performance for the purposes of the Social Way encompasses stakeholder engagement, management of social risks and impacts, human rights and our approach to socio-economic development. It is considered as part of an integrated approach to managing all of our risks and impacts. Accountability for these requirements are therefore multi-disciplinary.**

**In this second version of the Social Way, the requirements have been revised to reflect evolving expectations and international best practice including:** the updated International Finance Corporation (IFC) Performance Standards (2012); the UN Guiding Principles on Business and Human Rights (UNGPs); and the Voluntary Principles on Security and Human Rights (VPSHRs). We aim to ensure that our social performance meets or exceeds international standards. The Social Way supports the realisation of our core business values outlined in Good Citizenship: Our Business Principles, the Anglo American Guiding Values and Business Integrity Policy.

The Social Way defines our governing framework for social performance at Anglo American managed operations throughout the entire lifecycle of our activities; from exploration through project development, construction and commissioning, operation, closure and post-closure. It also covers the acquisition and disposal of assets. Our social performance principles are as follows:

- **Deliver a lasting positive contribution to communities:** We recognise that host countries seek significant socio-economic benefit from the development of natural resources and that the support of stakeholders is fundamental to our long-term success. We aim to work with stakeholders affected by our activities to deliver a lasting positive contribution, to be a partner of choice for host governments and to be an employer of choice.
- **Manage risks and impacts:** We will seek to avoid, prevent, mitigate and, where appropriate, remediate such impacts. We recognise that a core part of delivering a positive contribution is the effective management of actual and potential negative social impacts.

<sup>1</sup> This includes adverse human rights impacts.

• **Respect human rights:** We recognise that effective social performance is intrinsically linked with respect for human rights. In practice, this means avoiding, preventing, mitigating and, where appropriate, remediating adverse human rights impacts through human rights due diligence. Our commitment to respect human rights is formally expressed in our Human Rights Policy and our endorsement of the UNGPs. This commitment applies to all universally recognised human rights, in particular as defined in the International Bill of Human Rights (which includes the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights) and in the ILO Declaration on Fundamental Principles and Rights at Work.

• **Engage with affected and interested stakeholders:** We engage with affected, potentially affected and interested stakeholders in a transparent manner to ensure that they are able to express their views on positive opportunities, risks, adverse impacts as well as prevention and mitigation measures. Effective engagement and participation allows us to consider and respond to stakeholders' views in a proactive way.

• **Empower vulnerable and marginalised groups:** We recognise that potentially vulnerable groups within our affected communities could be disproportionately impacted by or less able to benefit from our activities due to the fact that they may be marginalised, historically disadvantaged and disempowered. Through our social performance management, we seek to assist in addressing previous disadvantage, to involve vulnerable and

marginalised groups in decision-making and to support their empowerment through socio-economic development opportunities. This includes our recognition of the right of Indigenous Peoples to Free, Prior and Informed Consent (FPIC) as stated in the International Council of Mining and Metals (ICMM) Position Statement on Indigenous Peoples and Mining<sup>2</sup> and reflected in the UN Declaration on the Rights of Indigenous Peoples.

• **Integrate social performance within relevant operational processes:** We recognise that effective social performance management requires coordination between business functions. We acknowledge the potential influence and impacts associated with our suppliers and contractors. We, therefore, include appropriate social performance requirements as part of our contractual agreements when the contracted activity could have potentially significant adverse impacts and / or an ability to deliver significant positive development opportunities.

The Social Way applies to our relationships with our employees, contractors and other public and private sector business partners in what they do on our behalf. In those situations where Anglo American does not have full management control, we will exercise our available leverage to influence compliance with our requirements.

Business Unit (BU) CEOs are accountable for implementation of the Social Way across the Group; Exploration Managers, Project Directors and Mine Managers are responsible for implementation of the Social Way at all exploration sites, projects and managed operations.

<sup>2</sup> May 2013.



## SCOPE

The Social Way requirements apply to the entire life cycle of our activities from exploration<sup>3</sup> through project development (concept, pre-feasibility and feasibility stages), construction, commissioning, operation, closure and post-closure. The requirements are mandatory for:

- managed sites and facilities; and
- contractors, sub-contractors, suppliers and any other business partners under Anglo American management where it has been identified that the contracted activity has the potential to result in material social impacts<sup>4</sup>.

Where Anglo American does not manage, but is linked to, an activity through its business relationship, it shall seek to influence the management of social risks and impacts in accordance with this standard.

In cases where Anglo American is linked to an adverse human rights impact through a business relationship, the

following options will be considered depending on Anglo American's leverage, the criticality of the business relationship and the severity of the human rights abuse:

- **Control:** If Anglo American has leverage to prevent or mitigate the adverse impact, it should exercise it.
- **Influence:** In some cases, Anglo American may lack leverage, but may be able to influence improvements through capacity building or the provision of incentives.
- **Termination:** Where it is not possible for Anglo American to control or influence performance, it may be necessary to consider terminating the business relationship.

In complex cases, sites should consult with BU management, Group Government and Social Affairs (GSA) and Legal in order to determine the appropriate course of action.

<sup>3</sup> The Safety, Health, Environment and Community (SHEC) Way outlines requirements for exploration activities.

<sup>4</sup> In accordance with Social Way Requirement 8.

# REQUIREMENTS

Anglo American's social performance requirements are as follows:

## 1. Social Risk and Impact Management

Throughout the Life of Mine, all Anglo American managed sites shall identify, assess and manage social risks and impacts, according to the requirements of IFC Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts.

Social risks (both to the business, as well as to employees, contractors and external stakeholders) shall be integrated into the site risk management process to take into account evolving social dynamics, particularly for vulnerable groups, throughout the lifecycle of the mine. Any severe risk to stakeholders' human rights shall be reported to the BU Head of Corporate Affairs, or equivalent, and the Group Head of GSA<sup>5</sup>. Site managers shall ensure that measures are put in place to avoid, prevent, mitigate and, where appropriate, remediate socio-political risks and impacts. Monitoring of socio-political risks and impacts, including human rights risks and impacts, shall be integrated into site management reporting.

The approach to risk and impact assessment and management may vary according to the stage of mine development, as follows:

- **Exploration:** The SHEC Way outlines requirements for risk and impact assessment appropriate to exploration stage activities.

- **Mergers and acquisitions:** For mergers and acquisitions, social performance issues shall be considered as part of due diligence. Social performance risks and impacts as well as any related management measures shall be identified in consultation with Group GSA.

- **Capital projects:** Capital projects shall conduct an Environmental and Social Impact Assessment (ESIA) in accordance with the requirements set out in IFC Performance Standard 1<sup>6</sup>. Human rights shall be fully integrated within the scope of all ESIA's. In some instances, it may be necessary to conduct a separate Social or Human Rights Impact Assessment (SIA or HRIA); these should be coordinated with the environmental assessments as far as possible.

- **Operations:** All operations<sup>7</sup> shall conduct a comprehensive SEAT assessment every three years which will include an assessment of human rights risks and impacts. A SEAT report shall be developed and published to communicate and respond to the findings of the SEAT process to external stakeholders. Progress shall be reported to stakeholders on an annual basis, as part of Stakeholder Engagement Plan (SEP) implementation (see Requirement 3 below).

<sup>5</sup> For example, through the monthly GSA reporting to the Board.

<sup>6</sup> 2012.

<sup>7</sup> Operations include all mining, smelting and refining sites, port operations and all supporting transport infrastructure where Anglo American is the owner, operator or major user.

- **Closure:** Social performance risks and impacts shall be incorporated into every stage of closure planning; guidance on mine closure planning is provided in SEAT Tool 4E and contained in the Anglo American Mine Closure Toolbox<sup>8</sup>.

All SIAs shall be conducted by social performance specialists with comprehensive knowledge of the extractive industry and informed by an understanding of the socio-economic context of the site's area of impact and influence. The SIA shall include:

- **Human rights:** Assess impacts on all universally recognised human rights, in particular impacts on vulnerable groups, and determine:
  - Level of severity: Severity should be assessed in relation to scale (gravity of impact), scope (numbers of individuals affected) and irremediable character<sup>9</sup>; and
  - Responsibility: Responsibility should be assessed in relation to whether Anglo American activities have caused, contributed to or are linked to the adverse human rights impact.

Assess impacts on direct and contract employees; as well as the impacts of our employees and contractors on stakeholders (e.g. influx management).

- **Conflict:** (refer to SEAT Tool 4C – Conflict Assessment and Management):

- Identify any sources of existing or potential conflict which may be exacerbated by our presence.
- In conflict prone or affected areas, include specific conflict management measures.

- **Context-specific impacts:** Identify if there are any resettlement, cultural heritage or Indigenous Peoples impacts and follow Requirement 10 if applicable.

- Include measures for avoidance, prevention and, where appropriate, mitigation and remediation of social impacts in the site's Social Management Plan (SMP) (refer to Requirement 2 below) and into the planning processes of other relevant disciplines as necessary.

## • Employees and contractors:

<sup>8</sup> Mine Closure Toolbox Version 2 (2013).

<sup>9</sup> An impact is irremediable where it cannot be restored to a situation where it is at the least the same or equivalent to what it was before the adverse impact.

## 2. Social Performance Strategy and Social Management Plan

### Social Performance Strategy

All Anglo American owned and / or operated sites shall develop, document and implement a long-term Social Performance (SP) Strategy that is appropriate for the site's stage of development<sup>10</sup>. For operating sites, the SEAT assessment shall be used as the primary input to formulate the long-term SP Strategy. The SP Strategy shall be consistent with the broader Life of Mine strategy and define:

- **Strategic Objectives:** The strategic SP objectives shall: (1) anticipate longer term social impacts and risks linked to the Life of Mine strategy; (2) integrate results of ongoing human rights due diligence; (3) outline long-term socio-economic development objectives in alignment with local and regional development plans; and (4) support the achievement of Anglo American's and the BU's strategic objectives.

- **Scope:** In some cases, the scope may be limited to a particular site and its area of influence; in regions with multiple Anglo American sites and / or overlapping issues and stakeholders, opportunities for collaboration and coordination shall be considered to optimise use of Anglo American resources and beneficial impacts through regional SP strategies.

An SP Strategy should be developed with the involvement of key external stakeholders, senior management and all relevant functions. It shall be submitted by the Project Director or Mine Manager for approval by the BU Head of Corporate Affairs, or equivalent, and shall be reviewed, updated and communicated as necessary on a three-year basis in line with the SEAT process for operating sites and annually for capital projects.

<sup>10</sup> For example, at Exploration stage the SP Strategy shall align with known future activities.





## Social Management Plan

The SP Strategy objectives shall be achieved through the implementation of an annual SMP. All Anglo American owned and / or operated sites shall develop, document and implement an SMP which outlines actions, budgets and accountabilities for the forthcoming year that support achievement of the long-term SP Strategy. The SMP shall include a summary of (or cross-references to) specific plans that focus on one area of social performance (e.g. the SEP). Guidance on the development of SMPs is provided in SEAT Tool 6A. Specifically, the SMP should outline:

- **Priorities:** The priority actions that the site will undertake during the year to: achieve its long-term strategic SP objectives; meet the Social Way requirements; manage social impacts and socio-political risks; deliver positive socio-economic development opportunities; meet social permitting conditions and regulatory requirements; and address stakeholder concerns.
- **Resources:** Clearly detail the required resources, skills, accountabilities and budgets needed to achieve the identified actions, including those outside the social performance function.
- **Measurement and Monitoring:** The Key Performance Indicators (KPIs) and targets to monitor social performance.

An SMP should be developed through cross-discipline integration with all relevant functions, including but not limited to: Supply Chain (contractor social management and local procurement); Security (security and human rights); Safety and Sustainable Development (ESIAs, emergency response plans, cultural heritage etc) and Human Resources (local employment and core labour rights).

The Exploration Manager<sup>11</sup>, Project Director or Mine Manager shall submit the SMP annually for approval by the BU Head of Corporate Affairs, or equivalent. Each Anglo American site shall perform an annual assessment and update of its SMP. BU Heads of Corporate Affairs, or equivalent, shall monitor and evaluate SMP implementation progress for each site. The BU shall ensure that social performance good practice and lessons learned are shared between sites.

<sup>11</sup> For Exploration sites, the SHEC Way requirement will apply.

### 3. Stakeholder Engagement

All Anglo American managed sites shall develop an SEP which should be updated annually or more frequently, as appropriate. As noted above, the SEP may be either a standalone document or a section of the SMP. Guidance on the development of an SEP is provided in SEAT Tool 2B. SEPs shall:

- Identify, profile and analyse affected communities and other stakeholders or groups, in particular those who may be disadvantaged or particularly vulnerable to adverse impacts.
- Ensure that all engagement is respectful of community conventions, customs and gender considerations while also ensuring inclusion of under-represented, vulnerable and marginalised groups.
- Provide relevant and appropriately communicated information to help affected communities and other interested stakeholders understand the potential and actual impacts associated with Anglo American's activities.
- Ensure that the views of affected communities and other interested stakeholders, including those of vulnerable and marginalised groups, are incorporated into Anglo American decision-making as appropriate.
- Outline processes to maintain records of community engagement activities, issues raised, outcomes and commitments to ensure any stakeholder concerns raised are responded to in an appropriate and timely manner.



## 4. Socio-Economic Development

All Anglo American managed sites shall include a section on Socio-Economic Development (SED) within their SMP, detailing how the SED-related strategic objectives contained within the site SP Strategy will be implemented. The site approach to SED shall outline:

- **Long-term SED strategy:** Engage with external stakeholders in a participative and inclusive manner to ensure SED articulates a vision for long-term, multi-sector development and provides a platform for collaboration with critical stakeholders such as local and regional government, other private sector actors and social investment partners.
- **Scope:** Establish an appropriate geographic scope (i.e. local / regional).
- **Optimal package:** Through engagement with external stakeholders, identify an optimal package of SED initiatives (i.e. local employment, local procurement, employee volunteering, infrastructure synergies, municipal capacity building, enterprise development (ED) and corporate social investment (CSI) etc) that reflects local context, meets regulatory commitments and leverages our value chain as well as our core organisational competencies.

This package should ensure that CSI is used strategically as seed funding with the aim of supporting members of potentially vulnerable groups to access the opportunities generated by our value chain, as well as addressing other needs through support of education, health, skills development and livelihood opportunities.

- **Partnership:** Ensure that organisational contributions complement and amplify rather than substitute or duplicate the development efforts of other organisations. To support this, all governance structures, roles and responsibilities should be clearly articulated through formal and transparent agreements.
- **Monitoring and evaluation:** Ensure that the effectiveness and efficiency of the overall positive SED contribution (as well as each individual SED project) are measured, evaluated and fed back into the periodical SP Strategy review.

All SED initiatives must comply with the requirements of the Anglo American *Business Unit Social Investment and Donations Policy* (August 2011).

## 5. Social Commitments

Each Anglo American managed site shall develop a Social Commitments Register to identify, document, monitor and report to site management and the BU Head of Corporate Affairs, or equivalent, on the implementation of social commitments.

These may include, for example: social commitments within community agreements; commitments made to stakeholders; or regulatory and legal requirements for social projects (e.g. licence conditions, Social and Labour Plans, Impact and Benefit Agreements etc).



## 6. Social Incident Management

All Anglo American managed sites shall implement a site level social incident procedure. Social incidents may be self-reported through the site incident management system or reported by third parties through the site complaints and grievances procedure. Social incident investigation, management and close-out shall align with the Anglo American Investigation Methodology<sup>12</sup>. Further guidance is provided in SEAT Tool 4A.

Social incident management shall include (subject to the following paragraph in relation to incidents that have or may lead to legal proceedings):

- **Classification:** Social incidents shall be classified on the basis of the risk to the business as well as the risk to external stakeholders.
- **Recording and close-out:** Social incidents, including any impact on human rights, shall be rated, recorded and closed-out on the Group-wide reporting system. The social incident classifications are described in the Glossary.
- **Investigation:** Social incidents shall be investigated using the Anglo American Investigation Methodology by the appropriate level of management for the actual and potential incident severity and using the required skills and expertise.
- **Corrective action:** Investigations shall identify corrective actions as required and preventive actions that reduce the likelihood of a social incident reoccurring. Affected stakeholders shall be consulted on proposed corrective / preventive actions before implementation, where appropriate.
- **Stakeholder engagement:** Timely feedback shall be provided to relevant stakeholders following an incident and on the results of investigations, as appropriate.
- **Reporting:** In the event of a High or Major social incident, the incident shall be reported immediately to BU management and Group GSA, and lead to a formal review of systems, procedures and practices.
- **Learning:** Learnings from incidents shall be shared across the BU and Group, as appropriate.

<sup>12</sup> The Anglo American Investigation Methodology is detailed in the Anglo American Group Technical Standard 26 - Safety, Health and Environment Risk Management System Standard and the Procedures for Incident Investigation (AA SSDP 11a and AA SSDP 11b).



The investigation and close-out of social incidents, including complaints and grievances, may require coordination with the Group Legal function. Where social incidents, complaints and grievances involve an actual or potential violation of law or may otherwise result in legal proceedings, the Legal function must be notified. If the risk of liability or other legal sanction is significant then Legal will lead any review of any non-conformances, so that the results of the review are maintained under legal privilege. In cases where legal proceedings are initiated or threatened, or where there is a reasonable possibility that legal proceedings will be initiated, the site social incident procedure should be implemented only in coordination with Group Legal so that the rights, assets and legal position of the Group and its employees are protected.

Specifically in relation to community complaints and grievances, in addition to the above points, managed sites shall ensure that procedures align with the UNGP effectiveness criteria, including:

- Communication of the existence of the complaints and grievances procedure to affected communities and interested stakeholders in a culturally appropriate manner.
- Ensuring that a mechanism for appeals against internal investigation or proposed management responses is provided.
- Clear communication that the existence of the complaints and grievance mechanism does not preclude the right of the stakeholder to engage in judicial or other legitimate processes, in which Anglo American is committed to cooperate.

## 7. Community Health, Safety and Security Management



The health, safety and security impacts of our activities on external stakeholders will be identified, assessed and managed through the impact assessment and management process outlined in Requirement 1. This section outlines the requirements related to the following two specific areas:

### Emergency Preparedness and Response Planning

Aligned with the requirements of IFC Performance Standard 4 on Community Health, Safety and Security, Anglo American managed sites are required to identify, assess and document potential emergency and crisis situations and their potential impact, including potential off-site emergency and crises situations that could impact on communities<sup>13</sup>. Guidance is provided in SEAT Tool 4B. The resulting Emergency Preparedness and Response Plans should be reviewed with the involvement of all relevant external stakeholders on an annual basis.

### Voluntary Principles on Security and Human Rights

As a signatory to the VPSHRs, all Anglo American managed operations shall undertake:

- **Risk assessment:** Conduct an assessment of conflict and human rights-related risks and impacts to both Anglo American and other affected stakeholders associated with provision of security through both public and private security service providers.
- **Consultation:** Ensure consultation with relevant stakeholders on security and human rights related issues, including but not limited to risk assessment and security arrangements with security providers.
- **Due diligence:** Conduct due diligence on potential public and private security service providers to understand their ability to respect human rights in their operations, including to meet the VPSHRs.
- **Training:** Train private security service providers and, where required, facilitate training with public security service providers.
- **Monitoring:** Develop systems for reporting, investigating and addressing any allegation of security related human rights abuses, involving Anglo American employees, public and private security service providers and / or other contractors.

Further guidance on implementation of the VPSHRs is provided in SEAT Tool 4H.

<sup>13</sup> Refer to Standard 9 of the Anglo American Safety Way.

## 8. Contractors, Suppliers and other Business Partners

Anglo American managed sites shall put in place procedures to avoid and minimise material adverse social impacts and to maximise positive impacts that could arise through engagements with our contractors, suppliers and business partners. Guidance is provided in SEAT Tool 4F.

### Management of Contractors

In relation to contractors, sites shall undertake the following:

#### Pre-contract award:

- **Risk assessment:** Develop clear criteria to determine which contracts are socially material<sup>14</sup>, in advance of procurement processes being initiated.
- **Tender requirements:** Develop tender requirements and weighting to evaluate the ability of bidding firms to identify and manage adverse social impacts appropriately<sup>15</sup> as well as identify and deliver positive development opportunities<sup>16</sup>.
- **Contractual requirements:** Ensure that all socially material contracts include clear social requirements, including social performance KPIs.
- **Sub-contractors:** Contractors should be responsible for ensuring that their own sub-contractors / supply chains meet all legal requirements and

Anglo American standards in connection with their engagements with Anglo American.

#### During the contract:

- **Monitoring:** Monitor contractor performance against agreed social KPIs on a regular basis as part of the supplier relationship management approach. Appropriate corrective actions should be developed for non-compliance.
- **Training:** Ensure that the contractor workforce is competent to perform their activities in a socially responsible manner through the provision of training on Anglo American's social requirements, local context and customs, and, where necessary, tailored training and awareness raising on any issues, in particular any salient human rights issues, identified as particularly high risk for local communities.

#### Close-out of contract:

- **Feedback:** Feedback on social performance, including highlighting best practice observed, should be integrated into the overall performance evaluation at close out of contracts.

<sup>14</sup> Defined as those contracts that could lead to materially adverse social impacts, including human rights impacts, or significant positive development opportunities. For example, this would include contracted activity which would involve a significant workforce on site.

<sup>15</sup> This should include core labour rights such as payment of fair wages, provision of decent housing / accommodation, health and safety practices, access to a grievance mechanism, freedom of association and prohibition of forced labour and child labour.

<sup>16</sup> With a particular focus on skills transfer through the inclusion of localised businesses and entrepreneurs to support delivery of the overall Anglo American contract.

## 9. Social Performance Resourcing

BU and site management shall ensure that site and BU teams have adequate financial resources, capacity (number of people) and capability (appropriate skills, experience and seniority) to implement

the Social Way requirements. Required resources and competencies should be detailed within the site SP Strategy and SMP.



## 10. Context-Specific Requirements

Where identified as relevant in impact assessments (refer to Requirement 1), sites shall develop specific management plans for the following:

### **Resettlement (Economic Displacement and / or Physical Displacement)**

All Anglo American managed sites shall seek to avoid and, when avoidance is not possible, minimise involuntary resettlement wherever feasible by exploring alternative project designs. Where resettlement is unavoidable, projects shall follow the IFC Performance Standard 5 on Land Acquisition and Involuntary Resettlement<sup>17</sup> and supporting Guidance Note<sup>18</sup> as well as seek advice from Group GSA. This applies wherever there is potential for either physical displacement (relocation or loss of shelter) or economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood). Further guidance is provided in SEAT Tool 4D.

Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of:

- (i) lawful expropriation or temporary or permanent restrictions on land use; and
- (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

In accordance with good practice, Anglo American shall make all reasonable

effort to ensure land acquisition is conducted through an inclusive negotiated agreement and shall plan all resettlements as if they are involuntary.

Where resettlement is unavoidable, the site, in conjunction with experienced resettlement specialists, shall prepare a Resettlement Action Plan (RAP). Where economic displacement occurs without any physical displacement, a Livelihood Restoration Plan (LRP) shall be prepared. All transactions to acquire land rights shall be documented and this shall include all compensation measures and relocation activities. All resettlement activities shall aim to improve the livelihoods and standards of living of displaced persons on a sustained basis.

A Resettlement Steering Committee shall be established for each Anglo American resettlement and shall oversee the development and implementation of the RAP. The Resettlement Steering Committee shall include suitably qualified and experienced persons and representatives of all relevant functions. Group GSA shall be invited to nominate a representative for all Resettlement Steering Committees.

The final draft of any RAP or LRP shall be signed off by the Group Head of GSA before implementation. Resettlement activities shall not take place in advance of a RAP or LRP being approved by the Group Head of GSA. All RAPs and LRPs shall be publically disclosed in a manner that is accessible to the affected households and individuals.

<sup>17</sup> January 2012.

<sup>18</sup> IFC Performance Standard 5 and Guidance Note can be found on the IFC website: [www.ifc.org](http://www.ifc.org)

All resettlements shall be subject to on-going monitoring against a socio-economic baseline and, three years after completion, an independent evaluation by qualified experts shall take place to identify strengths and weaknesses of the resettlement and recommend remedial measures, where necessary.

Where there is any doubt, the requirements detailed in IFC Performance Standard 5 and the accompanying guidance note shall apply.

## Cultural Heritage

All Anglo American managed sites shall seek to avoid and, where avoidance is not possible, minimise impacts on cultural heritage. Anglo American adopts the IFC's definition which describes Cultural Heritage as:

- Tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic and religious values;
- Unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes and waterfalls; and
- Certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations and practices of communities embodying traditional lifestyles.

Anglo American shall consult with relevant national and local authorities, competent professionals and affected communities to identify sites and property

that have cultural heritage significance. If there is a possibility that unknown cultural heritage sites could be found then a 'chance find' procedure shall be documented and implemented. Anglo American shall ensure that internationally recognised practices for the protection, field-based study and documentation of cultural heritage are implemented.

Where cultural heritage is identified as an impact, Anglo American shall document in a Cultural Heritage Management Plan the actions required to meet national regulations and IFC Performance Standard 8<sup>19</sup>. Where there is doubt, the requirements detailed in IFC Performance Standard 8<sup>20</sup> shall apply.

## Indigenous Peoples

Anglo American aims to foster constructive relationships with Indigenous Peoples that are based on mutual respect, meaningful engagement, trust and mutual benefit.

Anglo American recognises the potential vulnerability of Indigenous Peoples and shall:

- Identify communities of Indigenous People that are potentially affected by our activities. Where the indigenous status of a people is not defined or is unclear, Anglo American shall refer to the definition contained in International Labour Organization Convention 169<sup>21</sup> and outlined in Section 1.3 of ICMM's Good Practice Guide: Indigenous Peoples and Mining<sup>22</sup>. If further clarification is required, external expertise shall be commissioned.

<sup>19</sup> January 2012.

<sup>20</sup> January 2012.

<sup>21</sup> 1989.

<sup>22</sup> 2010.



- Respect the rights, interests, special connections to lands and waters, and perspectives of Indigenous Peoples, where mining projects are to be located on lands traditionally owned by or under customary use of Indigenous Peoples.
- Adopt and apply engagement and consultation processes that ensure the meaningful participation of Indigenous Peoples in decision-making, through a process that is consistent with their traditional decision-making processes and is based on good faith negotiations.
- Work to obtain the consent of Indigenous Peoples through implementing consultation processes that enable Indigenous Peoples to:
  - freely make decisions without coercion, intimidation or manipulation;
  - have sufficient time to be involved in project decision making before key decisions are made and impacts occur; and
  - be fully informed about the project and its potential impacts and benefits.

Where there is doubt, the requirements detailed in IFC Performance Standard 7<sup>23</sup>, the ICMM Indigenous Peoples and Mining Position Statement<sup>24</sup> and related implementation guidance shall apply.

## Benefit Sharing Agreements

In some specific contexts, an operation may find it necessary or desirable to implement a formal benefit sharing agreement with a host community, including community trusts, equity stakes or other financial and non-financial commitments to host communities. The development of these agreements is complex, can have unintended consequences and may set precedents (intentionally or otherwise) for other Anglo American operations. Plans and negotiations with respect to formalised benefit sharing agreements, including governance structures, shall be approved by the Group Head of GSA and, where appropriate, the Group Management Committee (GMC).

<sup>23</sup> January 2012.

<sup>24</sup> May 2013.

## GOVERNANCE AND ASSURANCE

The Group GSA function, in consultation with internal and external stakeholders, defines requirements set out in the Social Way. Group GSA also provides tools, guidance and training to assist in implementation of Social Way requirements and conducts assurance of performance against requirements. BUs are responsible for implementation of Social Way requirements at site level. Accountability for implementation of the requirements set out in the Social Way rests with the Exploration Manager, Project Director or Mine Manager at each site.

### Assurance

The implementation of the Social Way requirements shall be assessed at site level through management review as well as through a combination of internal and external assurance. The results of these assurance reviews shall be reported annually to the Anglo American Board.



## GLOSSARY

**Accountability** – a responsibility to account for and / or explain actions undertaken.

**Affected communities** – communities which are in some way affected by Anglo American operations, including neighbouring and nearby communities, communities affected by transport operations and communities from which significant numbers of our workforce are drawn.

**Area of influence** – a mine's area of influence encompasses:

- the footprint(s) of facilities under management control;
- the footprint(s) of associated facilities;
- the extent of impacts up to the point where they are insignificant / undetectable; and
- areas potentially affected by induced or cumulative impacts.

**Benefit sharing agreement** – a formal agreement with a host or other community entered into by a business unit or operation, either voluntarily or in response to a regulatory or other need, which has the objective of delivering a specified level of benefit to those communities. Benefits may include, for example: defined financial contributions; equity stakes; actual or de facto taxes or royalties; and binding or non-binding targets for employment, procurement and / or training and education.

**Cultural heritage** – cultural heritage refers to sites, customs or knowledge with archaeological, paleontological, historical, cultural, artistic or religious value.

**Engagement** – process of interacting with stakeholders to produce better decisions / outcomes for both the company and its stakeholders. The level of engagement will depend on the type of decision being made (e.g. inform, consult, involve, collaborate, empower).

**“Good Citizenship: Our Business Principles”** – the framework of ethical, social, environmental and business conduct standards adopted by the Anglo American plc Board. The Anglo American Good Citizenship Business Principles provide the underpinning for the Group’s interactions with society.

**Human rights** – human rights are rights inherent to all human beings, regardless of nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. We are all equally entitled to our human rights without discrimination. These rights are all interrelated, interdependent and indivisible. Universal human rights are often expressed and guaranteed by

law, in the forms of treaties, customary international law, general principles and other sources of international law. Universal human rights include civil and political rights, economic, social and cultural rights, labour rights, environmental rights and protection of vulnerable groups. Salient human rights are those most at risk, typically relevant to a specific activity or operating context.

**Impact** – changes attributable to a project, programme, policy or process. Impacts may be planned or unplanned; positive or negative; achieved immediately or only after some time; direct or indirect; and sustainable or unsustainable. An impact is irremediable where it cannot be restored to a situation where it is at the least the same or equivalent to what it was before the adverse impact. Severity is measured by scale (gravity of impact), scope (numbers of individuals affected) and irremediable character.

### **Impact and Benefit Agreements (IBA)**

– in Canada, an IBA is a formal contract outlining the impacts of the project, the commitment and responsibilities of both parties, and how the associated Aboriginal community will share in benefits of the organisation through employment and economic development.

**Key performance indicators (KPIs)** – a set of criteria to measure and monitor specific issues associated with an operation. These criteria are used to measure performance on the identified issue, over a period of time. See Tool 6A of SEAT for further guidance on KPIs.

**Leverage** – when a company has not caused or contributed to a human rights impact but is linked to the impact by a business relationship, it is not responsible for the impact itself, it is responsible for using leverage over the business partner to change the behaviour of the partner.

**Lifecycle of mine** – the complete lifecycle typically comprises exploration, evaluation, implementation, operational, decommissioning, closure and post-closure stages.

**Mitigation** – measures to prevent / eliminate, reduce / minimise, remediate / repair or compensate adverse impacts.

**Monitoring** – the collection and analysis of financial and non-financial information on a regular basis in order to check performance against stated objectives, budget and work plan. Monitoring is normally concerned with inputs, activities and outputs.

**Qualified and experienced person** – person who is competent to perform the required task(s), as determined by local accreditation, where it exists, and / or their qualifications and track-record.

**SEAT** – Anglo American's Socio-Economic Assessment Toolbox is a comprehensive set of guidance tools for managing social performance.

**Social and Labour Plans (SLP)** – a plan that each mine in South Africa must prepare as a requirement of the Mining Empowerment Charter. The plan sets out the socio-economic context of the mine, identifies what impacts the mine will have and outlines the measures that the mine will take to enhance socio-economic development outcomes in the host area and labour-sending areas.

**Social incidents** – social incidents are either 1) unplanned or unwanted events caused by the company that result in negative social impacts or 2) complaints and grievances received through the site grievance mechanism. A Level 1 incident results in minor impact; a Level 2 incident results in low impact; a Level 3 incident results in medium impact; a Level 4 incident is considered to be a 'significant incident', that results in high impact; and a Level 5 incident is considered a major incident that has either widespread or irreversible impact.

**Corporate social investment** – contributions (monetary, staff time or gifts in kind) that bring benefits to communities over and above an operation's core activities.

**Social performance** – for Anglo American, social performance encompasses stakeholder engagement, management of social risks and impacts (including human rights due diligence) and socio-economic development.

**Stakeholders** – interested or affected parties, including: neighbouring communities and businesses; local, regional and national governments (i.e. the authorities); employees, contractors, and suppliers; non-governmental organisations (NGOs) and community-based organisations (CBOs); media groups; other Anglo American operations and Anglo American corporate centre.

**Vulnerable groups** – groups within a community who, due to pre-existing discrimination or disadvantage, may be at particular risk of being adversely impacted, either directly or indirectly, by the company's activities.

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