

ANGLO AMERICAN PLC:
UPDATE REPORT FOR

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

FOR THE YEAR ENDING
31 DECEMBER 2019

INTRODUCTION¹

Anglo American is a leading global mining company, with a world class portfolio of mining and processing operations and undeveloped resources. We provide the essential metals and minerals that enable a cleaner, greener, more sustainable world and that meet the growing consumer-driven demands of the world's developed and maturing economies.

As a responsible miner – of diamonds (through De Beers), copper, platinum group metals, iron ore, coal and nickel – we are the custodians of what are precious natural resources. We work together with our business partners and diverse stakeholders to unlock the sustainable value that those resources represent for our shareholders, the communities and countries in which we operate, and for society as a whole. Anglo American is re-imagining mining to improve people's lives.

The purpose of this report is to disclose material changes since the submission of our 2018 Voluntary Principles (VPs) Report. The report will focus on country implementation.

Ariel view of Minas-Rio iron ore plant, Brazil.

POLICIES, PROCEDURES AND RELATED ACTIVITIES

Social Way

The Social Way defines Anglo American's governing framework for social performance. In early 2020, we launched an updated Social Way 3.0. Human rights have been embedded throughout Social Way 3.0, which includes a policy, toolkit and assurance framework. The policy is underpinned by core human rights principles and based on international reference standards. The toolkit includes procedures, guidelines, and standards required to implement our human rights approach as it relates to social and security risks. The assurance framework, through which compliance is assessed annually, is used to (a) show process against human rights targets; and (b) helps to identify gaps for additional training support.

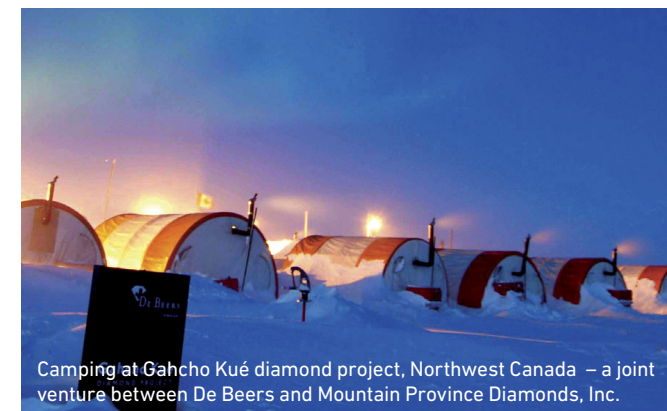
The NGO, International Alert, provided expert review of security and human rights and conflict management guidance in Social Way 3.0.

Responsible Sourcing Standard

With regards to supply chain risk: Human rights considerations have been strengthened in the Responsible Sourcing Standard (RSS) for suppliers, and the UK and Australian Modern Slavery Acts have prompted us to broaden the scope of our human rights risk management.

Training

In 2019, a total of 6,710 employees, contractors and members of police services received VPs training across our operations and corporate offices. Some of the training was conducted by International Alert, which also facilitated a conflict risk management workshop in South Africa.



Camping at Gahcho Kué diamond project, Northwest Canada – a joint venture between De Beers and Mountain Province Diamonds, Inc.



Technician, Hendrik Lottering and Project Manager, Juan Pieterse at the condition monitoring centre, Mogalakwena mine, South Africa.



Training Admin Officer, Tara Stevens and Training co-ordinator, Natalie Gassman – part of the HR team at Dawson Mine, Australia.



The Sakatti Project, Finland – a greenfields project of copper-nickel-platinum group metals.

¹In this document, references to "Anglo American", the "Anglo American Group", the "Group", "we", "us", and "our" are to refer to either Anglo American plc and its subsidiaries and/or those who work for them generally, or where it is not necessary to refer to a particular entity, entities or persons. The use of those generic terms herein is for convenience only, and is in no way indicative of how the Anglo American Group or any entity within it is structured, managed or controlled. Anglo American produces group-wide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day to day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses. Anglo American subsidiaries, and their management, are responsible for their own day-to-day operations, including but not limited to securing and maintaining all relevant licences and permits, operational adaptation and implementation of Group policies, management, training and any applicable local grievance mechanisms.

COUNTRY IMPLEMENTATION

Anglo American business units manage more than 30 mining operations and 10 processing operations in Australia, Botswana, Brazil, Canada, Chile, Namibia, South Africa and Zimbabwe. Exploration activities are conducted in, Australia, Botswana, Brazil, Canada, Chile, Colombia, Ecuador, Finland, Greenland, Namibia, Peru, South Africa, the United States and Zambia. Exploration activities are expected to start in Angola in 2020. Corporate representative, sales and marketing offices are located in China and Singapore.

AUSTRALIA

In 2019, our Metallurgical Coal business undertook a baseline VPs risk assessment across all operations, in accordance with Social Way 3.0. Although a number of low-level VPs-relevant risks and impacts were identified, the controls in place were deemed to be effective. The risks are monitored regularly and are reported on quarterly to the Metallurgical Coal Leadership Team. Training on VPs will be conducted across all operations in 2020.

BOTSWANA

Anglo American's interests in Botswana are linked to its indirect shareholding in Debswana, a 50% joint venture partnership between De Beers and the Government of the Republic of Botswana.

Regular engagements to promote awareness of the VPs are held with the local and district Botswana Police Services. The risk assessments completed in Botswana were conducted by cross-functional teams which included members of the community and local police.

Annual training is provided for all security personnel internally and via the De Beers Group Security e-Learning platform. A further 165 candidates completed the standardised Anglo American VPs training in 2019.

BRAZIL

Anglo American has two businesses in Brazil: Iron Ore (Minas-Rio) and Nickel.

The internal procedures related to the security function were revised, aiming to reinforce the company's commitment to the VPs. Key improvements include guidelines governing the relationship between Anglo American and the public security forces. The latter includes training for security teams and human rights risk assessments.

In 2019, Anglo American worked with a consultant to conduct a security and human rights risk assessment of Minas-Rio and Nickel's operations. The risk assessment focused on the company's relationship with, and reliance on, public security forces for security provision. The assessment concluded that the risk rating is "significant" for Minas-Rio and "low" for Nickel.

A total of 137 employees and public security representatives received VPs training at our operations in Brazil.

Exploration in Brazil

A comprehensive stakeholder communication plan was implemented for airborne geophysical survey activities carried out by the Exploration team in Brazil. The plan involved formal meetings with a wide range of stakeholders, including local police commanders, unions and mayors.

For each project, as standard practice, Group Discovery and Geosciences (GDG) Brazil included clauses on compliance with the VPs in its contracts for outsourcing of services and labour.

CANADA

De Beers manages three diamond mines in Canada: Gahcho Kué, Snap Lake and Victor. Gahcho Kué is a joint venture between De Beers (51%) and Mountain Province Diamonds Inc. (49%) and is currently the only operating De Beers mine in Canada.

The VPs risk assessments have been reviewed and updated by cross-functional teams. Blockading of the winter roads leading to mines remains the highest potential VPs-related impact. A dedicated risk assessment with respect to potential winter road blockades at Gahcho Kué has been completed in conjunction with the joint venture partner.

In 2019, 20 protection services personnel and three privately contracted security staff members completed the standard Anglo American VPs training.



Pit operations at the Copper El Soldado mine in Chile.

CHILE

Anglo American manages two copper mines (Los Bronces and El Soldado) and one copper smelter (Chagres) in Chile. Since 2018, Los Bronces has contracted security provider, Somacor, which has received regular VPs training. At beginning of 2019, Somacor updated its corporate private security standard which incorporates specific elements on human rights.

In October 2019, protests occurred in Chile that mobilised citizens in every region of the country. The protests resulted in confrontations between people and the police, creating a climate of social tension (which is ongoing).

Anglo American operations in Chile recorded no incidents relating to security and human rights. The business constantly monitored protests close to operations and monitored developments that could affect our facilities. Approximately six people received VPs training at our Chilean operations.

COLOMBIA

Field activities did not progress in 2019 owing to critical security conditions in the areas of interest. Despite this high security risk, relations with the communities remained positive and the communities expressed their support for the project plans presented to them. At the end of 2019, Anglo American closed exploration activities in Colombia.

ECUADOR

A discovery team was established in Ecuador and is based in Quito. Fieldwork there focused on an early-stage greenfield project development. The Exploration team completed VPs training prior to field activities.

Security and human rights scenarios are considered in the country baseline and project risk assessments. A VPs clause is included in all contracts with suppliers that may have security-related risks, and training is provided to contractors. In total, 26 people received training.

NAMIBIA

Namdeb, De Beers Marine Namibia and the Namibian Diamond Trading Company, are wholly owned subsidiaries of Namdeb Holdings (Proprietary) Limited, which is owned in equal shares by the Government of the Republic of Namibia and De Beers.

There are no public security forces deployed at the Namibian operations, although they are used to protect diamonds under transportation.

A combination of in-person and e-learning human rights and VPs training is provided for all security officials and relevant De Beers functions.

In 2019, a further 123 candidates completed the standardised Anglo American VPs training course.

PERU

Anglo American manages the Quellaveco copper project in Peru. In late 2019, Anglo American assumed control of the security arrangements for Quellaveco (previously managed by a contractor) and appointed private security firm, Liderman.

There were four invasions of Anglo American property in 2019. These resulted in the lawful eviction of trespassers by Liderman. A legal claim against Liderman was made in relation to the evictions, alleging excess force during one of the interventions. Liderman, in response, has filed claims against the protesters owing to injuries suffered by its personnel. Both cases are under investigation and being monitored by our in-house Legal department.

In the last quarter of 2019, Anglo American undertook human rights due diligence with the support of the Vincular Center of the Pontifical Catholic University of Valparaíso. The Centre also provided human rights training to 38 senior management and members of staff.

Exploration in Peru

Activities in Peru involved regional prospecting and technical visits in diverse areas in the north and south of Peru. Security and human rights scenarios were taken into account in the Peru country baseline and project risk assessments.



Aerial view of the Quellaveco copper project, Papujune plant in Peru.

SOUTH AFRICA

Anglo American has several operations in South Africa that are managed by its Platinum Group Metals (PGMs), Coal, De Beers and Kumba Iron Ore businesses.

Platinum Group Metals (PGMs)

Our PGMs ('PGMs') business faced long periods of heightened threat levels owing to national general elections (which often result in political and social tensions), wage negotiations and strike action by a labour union at Mototolo mine.

In 2019, PGMs placed increased reliance on the South African Police Service (SAPS) for security provision. PGMs conducted additional due diligence to ensure that associated risks were clearly defined and understood. The results for the exercise were reviewed and verified by an external consultancy. In addition, risk assessments were reviewed at all operations.

No VPs violations involving protection services were reported in 2019. In total, 1,279 people received training.

Coal South Africa

Coal South Africa (SA) consists of five collieries; namely, Khwezela, Zibulo, Isibonelo, Goedehoop and Mafube.

In 2019, for the first time, Coal SA offered formal VPs training to SAPS personnel from police stations around the mines. The aim was to increase their understanding of the VPs and their application when they provide security to our collieries.

All Coal SA sites have now signed memorandums of understanding with the respective local police stations. 134 people received VPs training.

De Beers South Africa

De Beers' operations in South Africa include Venetia mine, Voorspoed mine, De Beers Marine, De Beers Sightholder Sales South Africa, and Element 6.)

In 2019, an additional 269 candidates completed the standardised Anglo American VPs training course.

Representatives from De Beers also attended a conflict analysis and management workshop, facilitated by the NGO, International Alert, in an effort to understand and manage conflict peacefully.

Illegal mining and labour and community unrest remain the most significant security challenges for De Beers in South Africa and have the highest potential for adverse human rights impacts.

Kumba Iron Ore

Kumba Iron Ore (Kumba), operates two mines in South Africa; namely, Sishen and Kolomela.

A cross-functional committee has been established at Sishen mine to investigate and provide feedback on potential social and human rights concerns.

VPs training and awareness material is regularly reviewed to ensure that it remains relevant. In 2019, the E-learning module was adapted to make it more user-friendly and to align with recommendations from International Alert. A total of 4,467 people received VPs training in 2019.

A risk assessment on public sector security services in South Africa (specifically the Northern Cape) was conducted in late 2019. Recommendations [arising out of this] will be implemented in 2020.

UNITED STATES

Activities in the United States involved regional exploration as well as a drilling programme. Security and human rights risks in the United States are very low. No internal and external security forces were engaged during 2019. In all contracts for services, suppliers are expected to observe and comply with the VPs. A policy document is appended to all contracts.

No grievance or incident related to the VPs was received in 2019.

ZIMBABWE

PGMs manages Unki mine in Zimbabwe. In 2019, a total of 270 employees belonging to protection services and security contractors received VPs training. No VPs-related violations involving protection services were recorded in 2019.

VPs training is mandatory for protection services members. No firearms or dogs are used at the mine. Contracted security providers are subjected to VPs training before commencement of work at the mine.

Our on-site VPs risk assessment was reviewed in 2019. VPs are now incorporated in a number of our security procedures; these include our search procedure and case reporting and investigation procedure.

LESSONS AND ISSUES

In 2019, we found our public sector due diligence to be inadequate in identifying areas of risk in regard to security and human rights. To remedy this, we have begun conducting regional risk assessments which give us a better understanding of our most salient risks within in the countries we operate in.

FUTURE PLANS

Our focus in 2020 is on developing new guidance in conducting robust human rights due diligence (including security and human rights risks). There will also be measures to further standardise core aspects of VPs implementation, including reporting, commercial contracts with private security providers, and training.



Organisation and methods clerk Morethe Motau and call centre operator Amos Zwane (left) at Thermal Coal's Zibulo colliery in South Africa.



Kumba Iron Ore Kolomela mine in South Africa.

CORPORATE OFFICE

CORPORATE RELATIONS

Sikhulekile (Khule) Duma

International & Government Relations Advisor

44 Main Street
Johannesburg, 2001
South Africa

T +27 (0)11 638 0280

www.angloamerican.com