

LOCAL PROCUREMENT POLICY

OUR VISION

Our vision is sustainable, responsible local procurement that positively contributes to a resilient supply chain and the economic and social development of the communities in which we operate.

OUR PRINCIPLES

Underpinning the vision are four fundamental principles:

MULTI-FACETED

Our entire supply chain offers potential opportunities for local procurement: from the exploration stage through to post-closure; operational and capital expenditure; goods and services; small, medium, large and multinational suppliers and contractors; and in all our areas of operation.

INCLUSIVE

We pursue development outcomes through local procurement at multiple levels: including host communities; indigenous and previously disadvantaged communities; as well as at appropriate national levels.

SOUND GOVERNANCE

Sound business principles and good governance will underlie all transactions. There will be no compromise on quality, delivery, service, safety, health and environment, or any other technical requirements. The relevant Anglo American policies and procedures will apply.

WORKING IN PARTNERSHIP

Creating an enabling environment for local procurement requires collaborative ways of working: across functions within Anglo American; with our major suppliers; and with communities, governments and development institutions.

OUR POLICY

Local procurement is of strategic importance to Anglo American. It plays a key role in securing and maintaining our right to mine, developing thriving and healthy host communities, creating efficiencies in our supply chain and ensuring reliable access to critical supplies. The objective of the Local Procurement Policy is to enable access by local businesses to supply chain opportunities that arise from the presence of our projects and operations.

We hold our leaders, line managers and supervisors and all those who engage with suppliers on Anglo American's behalf accountable for actively supporting responsible local procurement.

ANGLO AMERICAN'S COMMITMENTS

- Local procurement guidelines, standards and supporting tools will be actively promoted in the workplace and embedded in business processes
- We will allocate appropriate resources and build the required internal capacity to enable effective delivery of local procurement
- Each operation and project will have a strategy for local procurement. The strategy will clearly articulate the value to Anglo American and local communities. The strategy will include an analysis of local supply, a plan to link local businesses with procurement demand and an assessment of risk to both Anglo American and the local communities
- We recognise that small to medium sized businesses (SMEs) can be particularly disadvantaged by complex procurement arrangements. We will strive therefore to minimise the barriers to participation by simplifying our processes and clearly and transparently communicating our requirements and standards. We will draw on a range of preferential sourcing methods suited to particular local market and SME characteristics
- Our payment terms will accommodate the needs of SMEs
- We will support the development of commercially viable local businesses that meet Anglo American requirements
- Our suppliers will be required to work with us to improve local procurement outcomes across our supply chain
- We will work towards achieving sustainable levels of local procurement by setting targets, measuring and monitoring our activities and their impact
- We will report internally and externally on our local procurement progress
- Compliance with this policy and the suitability of supporting standards and strategies will be subject to regular internal assessment

This policy will be reviewed at appropriate intervals and revised when necessary to keep it current.



Mark Cutifani
Chief Executive, Anglo American plc