



Real Mining. Real People. Real Difference.

Developing a Local Procurement Policy for Anglo American

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ANGLO AMERICAN



| Key | |
|--|-------------------------------|
| ■ Corporate and representative offices | ● Nickel |
| ● Platinum | ● Iron Ore and Manganese |
| ● Diamonds | ● Metallurgical Coal |
| ● Copper | ● Thermal Coal |
| | ● Other Mining and Industrial |

LOCAL PROCUREMENT ANGLO AMERICAN'S APPROACH

Why - Business case

What - Definitions

Who - Very collaborative approach – led by Supply Chain

Where to – Journey model and policy

How - Strategic plan & current initiatives

BUSINESS CASE-LED APPROACH

**Partner
of choice**

*Assure our
right to mine*

Exceed local
community
expectations

Build
ambassadors

Excel at meeting
government
objectives

Investment of choice

*Create
supply chain
efficiencies*

Reduce
logistical costs

Competitive
labour costs

Increase the
competitiveness
of supplier
markets

*Ensure
reliable
access to
critical
supply*

Pursue long
term
partnerships

Continuously
improve the
service
provided

*Reduce risks
associated
with closure*

Minimise
community
dependency

**Employer
of choice**

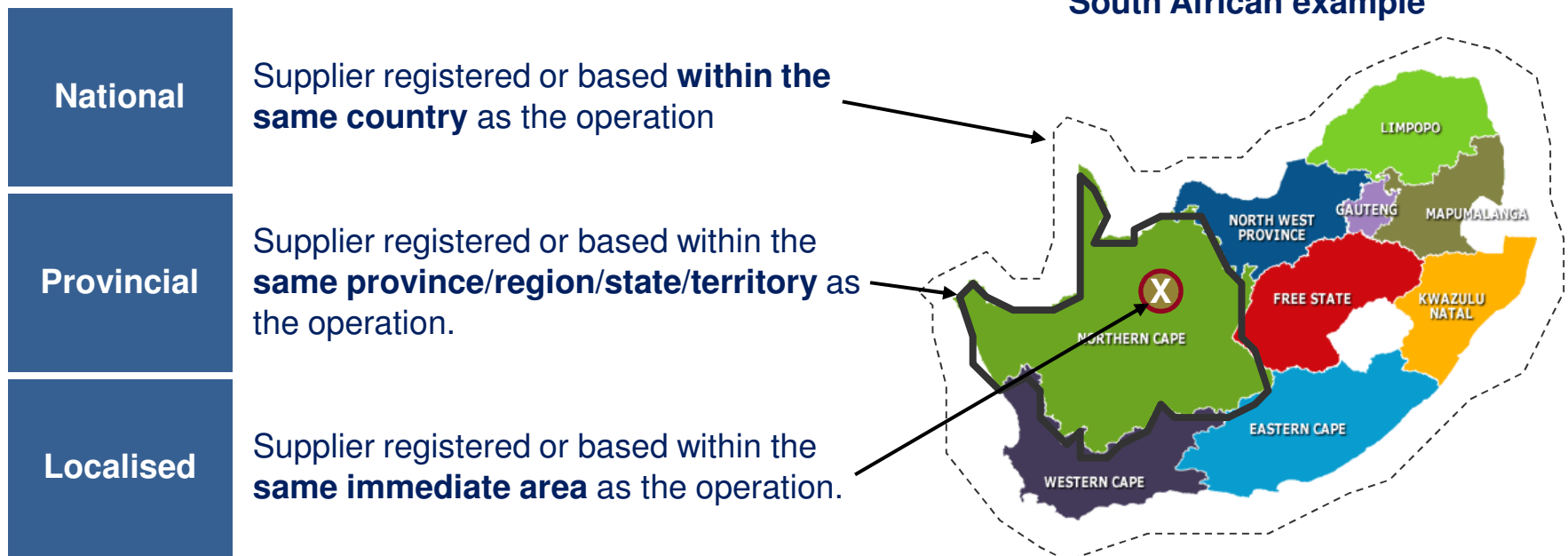
*Attract and
develop
talent*

Thriving and
healthy
communities

An employer
making lasting
difference to
local
communities

DEFINITION

Local Procurement: relationship between location of supplier and location of recipient of goods/ services. Divided into 3 levels:



In South Africa, BEE ownership is an additional criterion.

COLLABORATIVE APPROACH



LOCAL PROCUREMENT POLICY

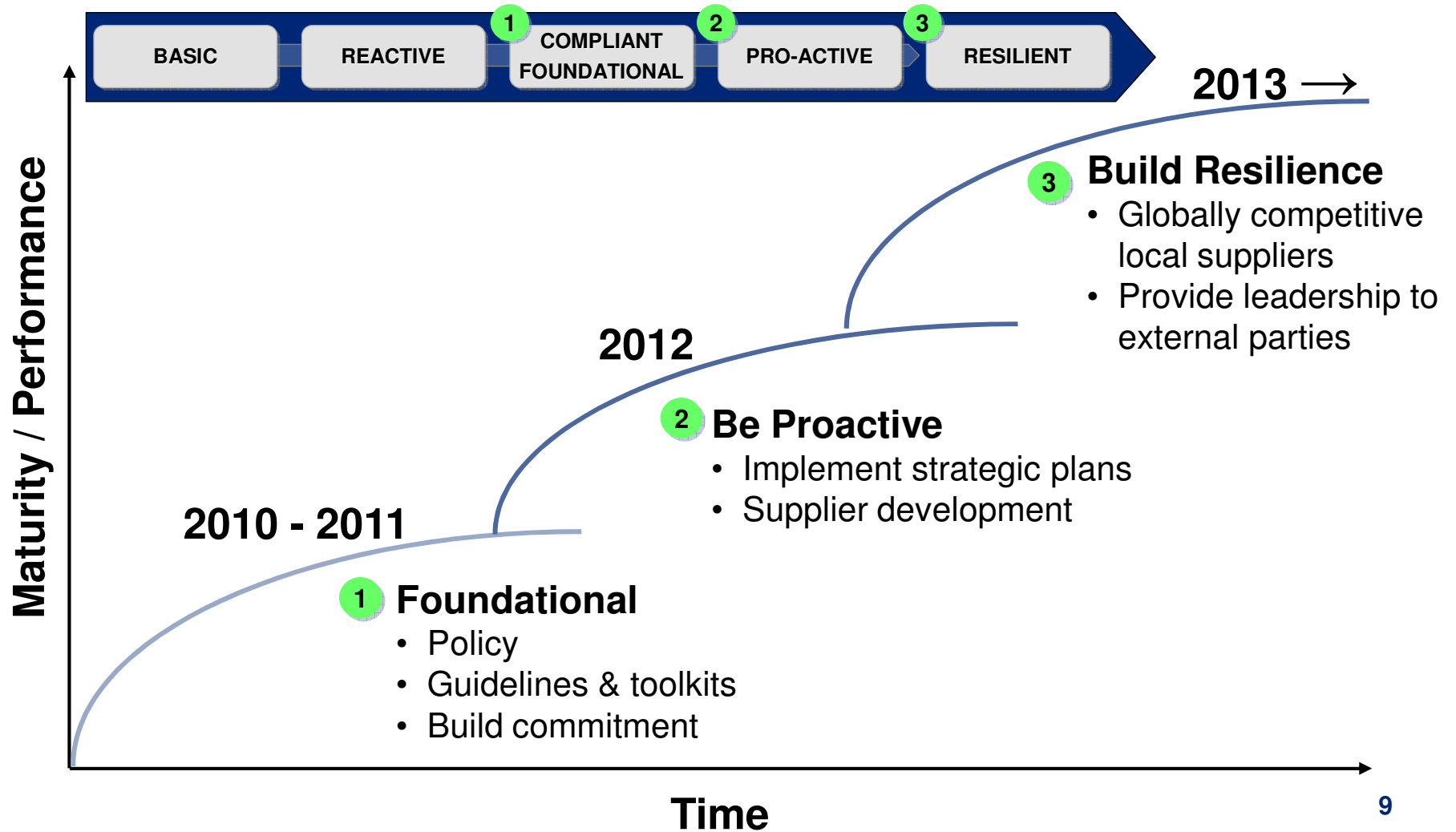
Leaders, line managers and supervisors will be held accountable for actively supporting responsible Local Procurement.



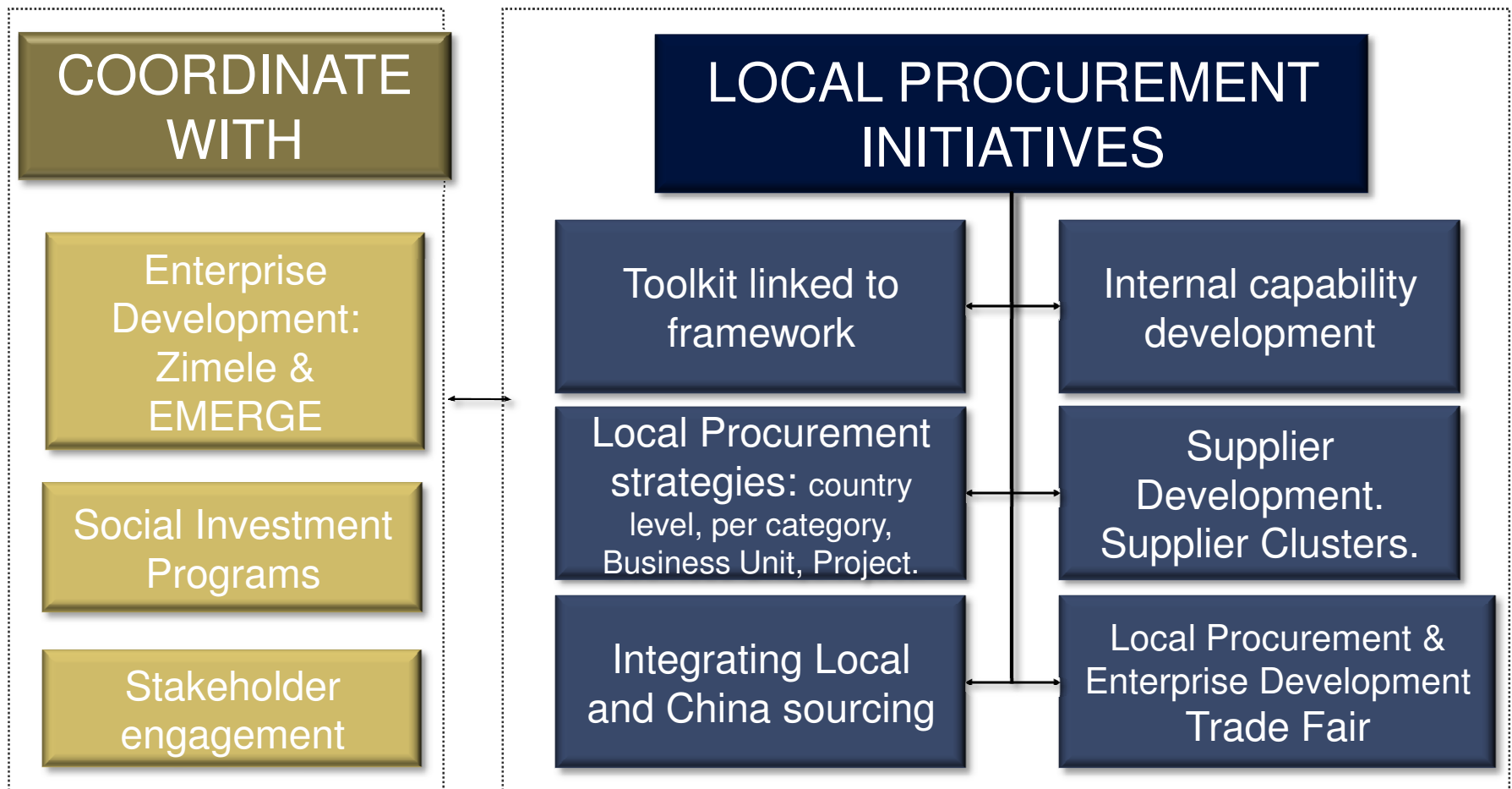
How the Local Procurement Policy has been developed and reviewed

| Research | Internal Review & Consultation | Externally Consult | Verify & Final Review | Internal Support | Roll-out |
|--|---|---|--|---|---|
| Anglo American Requirements Current Business Unit policies Best Practices Journey Model Where does Anglo American want to be positioned in short, medium and long-term | Extended Local Procurement project team. <ul style="list-style-type: none"> • Gov. Rel. & Social Affairs • Supply Chain Leadership • Legal | Business in the Community (BiTC) <ul style="list-style-type: none"> • Consultants • Twenty-Fifty • Community-Insights • Bravura | Map policy commitments to existing practices Key Stakeholders <ul style="list-style-type: none"> ▪ Supply Chain ▪ Gov. Rel. & Social Affairs ▪ Sustainable Development ▪ Legal ▪ Corporate Comms. ▪ Company Secretary | Business Unit's Exco's Anglo American Management Committee CEO - Cynthia Carroll for endorsement and signature Board SSD Committee | Global Category Teams Business Units Suppliers Regions |

STRATEGIC PLAN



RANGE OF PROJECTS BEING IMPLEMENTED



CONCLUSIONS

- Local procurement **needs strong buy-in from Supply Chain**
- **Supply Chain should lead**, but be supported by community development functions
- **No magic “silver bullet”** to boost local procurement
 - Optimising local procurement requires a range of initiatives
 - Takes time to get it right
 - Need a combination of supply-side and demand-side measures
- There should be a **strong business case** driving local procurement to ensure it is sustainable over the economic cycle

**THANK
YOU**