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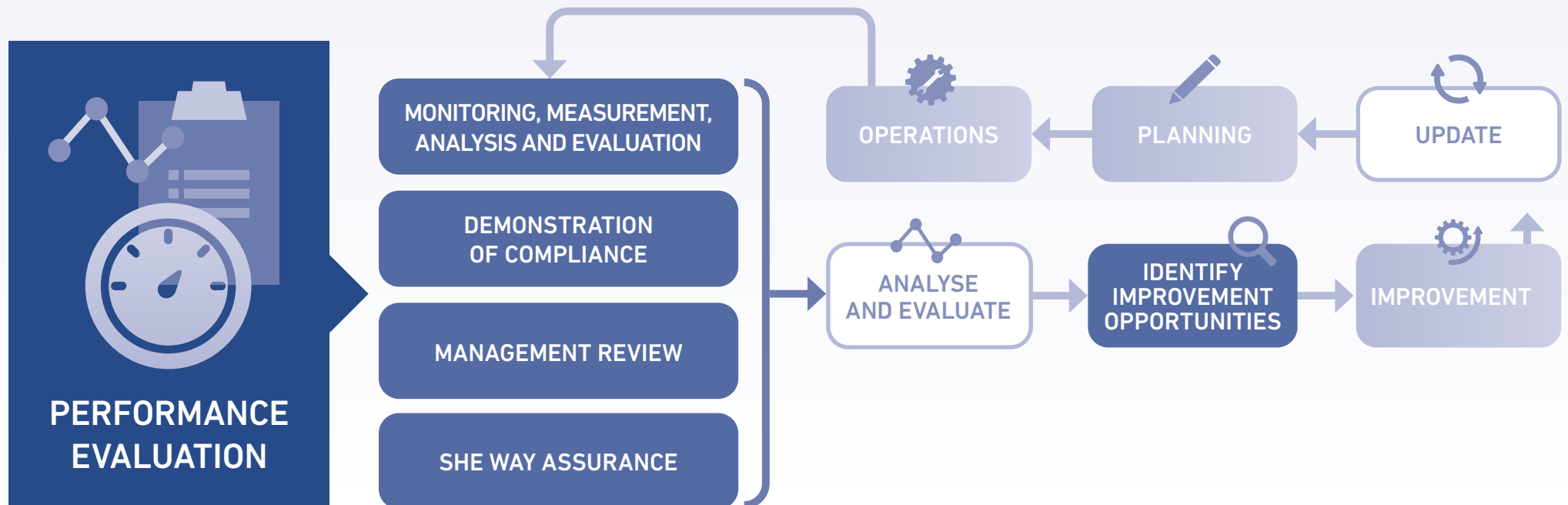


06 WHAT IS THE OUTPUT OF PERFORMANCE EVALUATION?



PERFORMANCE EVALUATION

We measure and evaluate our performance continuously and proactively. Our operations must continually measure and assess their SHE performance against the requirements of the SHE Way, SHE objectives and the SHE-related risks and opportunities. This includes understanding the performance of our contractors and business partners, and other elements of our value chain where these are within the scope of our SHE management system.





MONITORING, MEASUREMENT, ANALYSIS AND EVALUATION



Why?

In Performance Evaluation we move into the 'checking' stage of the PDCA cycle, to undertake activities to determine the suitability, adequacy and effectiveness of the subject matter. This is achieved through quantitative and qualitative means against the established objectives of the SHE management system.

These measurement and monitoring activities enable the Anglo American operations to determine their SHE performance and assist in identifying necessary corrective and improvement actions as required as per the **Improvement** section of the SHE Way.

The verification, measurement and monitoring of all SHE controls, including their implementation, effectiveness and operation are integrated into everyday activities by workers and managers/leaders.

These activities ensure businesses and operations remain agile and responsive to work management needs through prioritising and redirecting effort and resources, focusing on lagging areas and reinforcing leading areas and by ensuring that appropriate decisions are made about opportunities and improvements, all the while striving to meet or exceed set objectives.

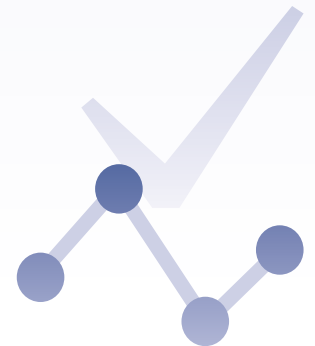


How?

→ Each Anglo American business or operation must prepare and implement a detailed **+ SHE MONITORING PLAN** that will enable it to measure, analyse, evaluate and report on its SHE performance against its defined objectives, compliance obligations including legal requirements, Anglo American Group requirements and the SHE Way. The plan must be incorporated into the operations Operating Master Schedule (OMS).

→ SHE Managers and Practitioners are responsible for preparing the **+ SHE MONITORING PLAN** with input from the discipline leads and operations. The plan must be approved by the site management and managed by the SHE Managers and Practitioners, who will coordinate the activities.

CONT ►





MONITORING, MEASUREMENT, ANALYSIS AND EVALUATION



How?

→ The **+ SHE MONITORING PLAN** must clarify:

- What needs to be monitored and measured
- The extent to which compliance obligations including legal requirements are fulfilled
- The methods for monitoring, measurement, analysis and evaluation to ensure valid results, including requirements for calibration and verification. This must include consideration of the potential for participatory monitoring, where applicable
- The criteria and indicators against which SHE performance will be evaluated - these must be in line with the defined SHE objectives and compliance obligations including legal requirements

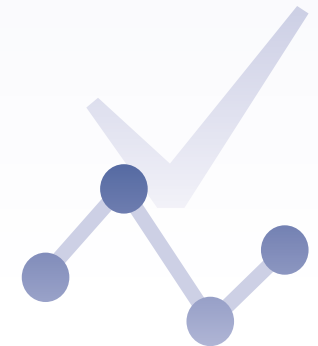
- Roles, responsibilities and required approvals
- The frequency of monitoring and measurement, as well as analysis, performance evaluation and reporting.

→ Where specific competence or specialist expertise is required for monitoring and verification activities, these must be identified in the monitoring plan with organisational supervision assigned at the appropriate level. e.g. environmental indicator monitoring by experts or community members.

→ Monitoring activities must cover all high-risk activities at a minimum, and involve continual checking, supervising, critically observing or determining performance status in order to identify deviations from expected performance levels. Available systems and data (e.g. records data from the management system or action tracking in Isometrix) must be leveraged to support these activities.

NOTE: In addition to Group required indicators, operations must determine the most informative lagging and leading indicators to monitor for improving effectiveness of their management system.

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MONITORING, MEASUREMENT, ANALYSIS AND EVALUATION



How?

➔ Specifically, the evaluation of performance must:

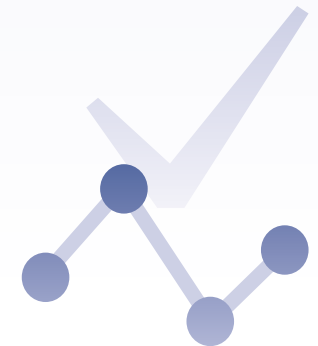
- Evaluate whether facilities are being operated within the parameters defined through the Planning and Operational Control process
- Assess the effectiveness of the management measures to enable the site to meet its SHE objectives
- Assess performance against the defined SHE objectives, which encompass the compliance obligations including legal requirements
- Evaluate whether SHE opportunities are being evaluated for implementation and where implemented, improvement is achieved
- Evaluate whether SHE risks and impacts are adequately controlled and that control design is appropriately effective and in line with the hierarchy of control.

➔ Measurement must produce quantitative data as it relates to performance evaluation of SHE programmes and surveillance. The data monitoring and measurement must inform and drive the implementation of approved actions plans in line with guidance provided in the Corrective and Improvements Actions section of the **SHE Way Improvement Specification chapter.**

➔ The methods used to monitor and measure, analyse and evaluate must be defined in the **+ [SHE MONITORING PLAN](#)** in order to ensure that, for all monitoring and measurement activities:

- The timing is coordinated with the need for analysis and evaluation results
- The results are reliable, reproducible and traceable
- The outputs are timely for the purpose of meeting any reporting or communication obligations including legal, internal (e.g. site annual reporting) or external (e.g. to inform annual report non-financial performance sections, market and investor statements and disclosures etc.) obligations
- The analysis and evaluation are reliable, reproducible and enable trend reporting.

CONT ►





MONITORING, MEASUREMENT, ANALYSIS AND EVALUATION



How?

→ Analysis and evaluation must use a range of criteria and comparisons to examine SHE data to reveal relationships, patterns and trends in SHE performance. These activities include the use of analytical tools, key performance indicators, dashboards and qualitative evaluative methods. Information from similar organisations' performance, standards and code performance requirements, the sites own past performance (e.g. prior quarters and years) and relevant SHE statistics and objectives help form conclusions from the data drawn from the measurement activities and inform corrective and improvement decisions.

→ Results of the evaluation process must be retained as documented information. Results, including action plans, must also be communicated to internal and external stakeholders in line with the defined communication processes and compliance obligations including legal requirements (e.g. reporting on sustainability performance using the GRI Sustainability Reporting Standards). All communications are subject to appropriate approvals of messaging and disclosures in accordance with the site roles and authorities and data protection regulations applicable at site. Isometrix must be used for the purpose of capturing the relevant required approved results to various internal audiences.



DEMONSTRATION OF COMPLIANCE



Why?

Evaluating the extent of compliance with obligations, maintaining knowledge and understanding compliance status assists the operations with identifying and addressing non-compliance in a timely manner. This ensures the achievement of SHE objectives and helps Anglo American meet its compliance and legal obligations; maintain its management systems and provide a level of confidence and transparency to the stakeholders (both internal and stakeholders) in how the business is being managed from a SHE perspective.

The compliance review evaluation results may include shortcomings identified through the audit and assurance activities as well as shortcomings in adherence to the audit and assurance programme. It also aims to assess whether activities are conducted in a way that is consistent with Anglo American's policies and standards, regardless of location or local regulation.



How?

➔ Each Anglo American business or operation must establish, implement and maintain a process to evaluate the fulfilment of its compliance obligations including legal requirements and maintain knowledge and understanding of its compliance status. The evaluation of compliance status must:

- Be completed at an appropriate frequency (on an annual basis at a minimum)
- Be based on appropriate and clearly defined methods for evaluation
- Be documented; and
- Lead to appropriate, approved actions to ensure compliance.

➔ The evaluation activities plan, methods and evidence requirements must be documented in the [+ SHE MONITORING PLAN](#) and the [+ AUDIT AND ASSURANCE REGISTER](#). The frequency and timing of compliance evaluations can vary depending on the importance of the requirement, variations in operating conditions, changes in legal requirements and other requirements and the organisation's past performance.

➔ The results of the Compliance evaluation must be recorded in a [+ COMPLIANCE OBLIGATIONS REGISTER](#) capturing the status and any resulting recommendations and/or actions. This register must be monitored and updated to reflect any changes and must integrate compliance obligations as determined by the **Social Way**, internal **Group Standards**, IRMA and ICMM performance targets and other external stakeholder reporting requirements.

DEMONSTRATION OF COMPLIANCE



How?

→ If compliance evaluation results indicate a failure to fulfil a legal requirement, when logging the non-compliance on Isometrix, the organisation needs to determine and implement the actions necessary to achieve compliance. The defined actions and responsibility for these must be recorded in the [+ COMPLIANCE OBLIGATIONS REGISTER](#) with the target dates for rectifying the matter.

→ Compliance gaps must be assessed for severity in line with the **LFI** process and the process outlined under Non-conformities in the **SHE Way Improvement Specification chapter**. There must be regular reporting to management on compliance gaps, including significant compliance gaps, with a proposed action plan for approval. Where approval is in place, it becomes a compliance obligation and must be recorded and treated as such. This might also require communication with a regulatory agency and agreement on a course of action to fulfil its legal requirements, in line with the agreed escalation and communication procedure.

→ The status of organisational compliance and associated actions must be communicated to internal and external stakeholders in line with the defined stakeholder engagement and communication processes and as required by compliance obligations including legal requirements. The results must be communicated at the next scheduled SHE Committees (and on to employees) and Management Reviews.

→ Compliance-related non-conformities need to be corrected, even if those non-conformities have not resulted in actual non-compliance with legal requirements. A non-compliance is not necessarily elevated to a nonconformity if for example, it is identified and corrected in line with the LFI process. Also refer to the **SHE Way Improvement Specification chapter** for details of how instances of non-conformities are to be managed.





SHE WAY ASSURANCE



Why?

Confirming compliance to the SHE Way, as an integrated and aligned Anglo American management system, will satisfy various internal and external requirements and compliance obligations including legal requirements. SHE assurance activities, which include audits, provide information on the degree to which the SHE management system conforms to the Anglo American and International Standards requirements and provide an opportunity to learn and improve management systems.

External audits assess the organisation's management system against the requirements of the ISO, IRMA, ICMM, applicable legislation or any other external standard or performance expectation. They provide feedback on the implementation, effectiveness and maturity of the management system to the organisation's employees and senior management team.

Outputs from third party audit activities (ISO, IRMA etc.) must become inputs into the management system improvement activities in line with continual improvement principles in the **SHE Way Improvement Specification chapter**.



How?

➔ Assurance activities must follow the Three Lines Assurance model and may take many forms across the "Lines":

- **1st Line** maintains a continuous dialogue with management, and reports on planned, actual, and expected outcomes linked to the organisational objectives. The first line focusses on promoting accountability and self-assessing, whether via a checklist or set of criteria or through an assessment of work practices and documentation on whether business objectives are met sustainably

- **2nd Line** consists of activities covered by several components of internal governance (compliance, risk management, quality, IT and other control departments). This line monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk-related information up and down the organisation

- **3rd Line** communicates independent and objective assurance and advice to leadership and management on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organisational objectives, promote and facilitate continuous improvement. This includes formal internal audit against the requirements of ISO or other external standards.

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NOTE: Ensure your external auditors are briefed about the SHE Way requirements and the SHE Way Readiness Assessment tool. A **+ [MAPPING DOCUMENT](#)** as well as an **+ [EXTERNAL AUDITORS GUIDE](#)** have been developed as part of the SHE Way Toolkit to support you and your external auditors.

SHE WAY ASSURANCE



How?

➔ To support Assurance activities, each Anglo American business or operation must establish, document and maintain an **+ AUDIT AND ASSURANCE REGISTER AND SCHEDULE** to ensure conformance with the requirements of the SHE Way. This must be included in the Operations OMS and may be laid out for the annual compliance cycle or in a 3/5 year plan cycle.

➔ The **+ AUDIT AND ASSURANCE REGISTER AND SCHEDULE**, owned by the SHE Manager and Practitioner and formally approved by the Management, must be comprehensive and kept up-to-date, reviewed at least annually or after major changes and aim to remove gaps or areas of weakness in the management system/s.

➔ Where possible, SHE assurance activities must be combined with other assurance activities to remove duplication and produce consolidated reporting. Examples of this would include demonstration of compliance to the Operating model, Social Way, Group Technical and SSD Standards and others. Assurance activities may range from documentation reviews and desktop audits through to multiple site, multiple management system audits.

➔ Through developing and executing the **+ AUDIT AND ASSURANCE REGISTER AND SCHEDULE**, SHE practitioners must:

- Help the company review the clarity of overall goals and objectives
- Assess the severity of SHE risks that may prevent achievement of these
- Evaluate policies that support management of goals and objectives and provide recommendations for how risks may be mitigated
- Evaluate key procedures and controls to help ensure that policies are executed at the operational level
- Assess the implementation of the supporting systems
- Evaluate the extent to which personnel is trained in the above.

CONT ►

NOTE: With regards to the AA Group Assurance Framework, internal audits completed by businesses and operations in accordance with ISO requirements and the SHE Way Readiness Assessment requirements would constitute Level 2 activities.





SHE WAY ASSURANCE



How?

→ All persons responsible for assurance activities must be competent in the execution of their tasks, this may require in-house training or external training certification. With regards to all internal audit activities, auditor competency requirements must be demonstrated through both external training qualification certification and in-field auditing experience. Technical or subject matter experts may be required to support assurance activities and evidence of their competence must be recorded.

→ All internal and external assurance outcomes and reports must provide a clear assurance opinion statement to management on the extent of compliance to requirements.

→ Third party assurance personnel and organisations must provide evidence of accreditation, qualification and competence in line with the assurance requirements.

→ The Assurance programme must include **Group Technical and SSD Standards self-assessments**, completed at least annually or as per the requirements of each relevant standard. They may be completed more frequently if required to respond to specific issues such as incidents or requests from Group. Self-assessments completed as part of other **Technical and SSD Standards** and the **AAOM** feed into the **+ SHE WAY READINESS ASSESSMENT**.

→ The results of all **+ SHE WAY READINESS ASSESSMENT** must be formally documented and recorded on Isometrix along with findings, recommendations and agreed actions.

→ The results of the monitoring plan and assurance programme activities including audit outcomes must be communicated to internal and external stakeholders in line with the defined stakeholder engagement and communication processes and as required by compliance obligations including legal requirements. The results must be communicated at the next scheduled Representation SHE Committees (and on to employees) and Management Reviews.

CONT ►



SHE WAY ASSURANCE



How?

→ The business or operations management systems will be subject to regular independent assurance or third-party audits, for example for ISO certification, ICMM sustainability performance assurance or Group level audits to ensure alignment with the SHE Way. Operations must be prepared to provide necessary information and records to the external auditors to facilitate the audit process.

→ External auditors must be independent of the activity being audited, wherever practicable, and must in all cases act in a manner that is free from bias and conflict of interest. There must be processes created that separates auditors' roles as internal auditors from their normal assigned duties. Anglo American can also use external expert resources for this function.

→ All relevant level 1, 2 and 3 assurance and audit activities must be captured on Isometrix and where possible linked to risk. All audit reports issued by third party assurers and auditors must be captured on Isometrix in the same manner and capturing of this data must support the analysis of audit findings and opportunities for improvement across the operation and as well as serve as inputs into the Management Review in the **SHE Way Performance Evaluation Specification** chapter.

→ Outputs from the assurance activities provide inputs to the (at least annual) Management Review exercise. Analysis of the outputs will support senior management in driving continuous improvement by setting updated objectives and realigning business and operational five-year plans, which in turn must inform the SHE Monitoring Plans and Audit Assurance Programmes.

NOTE: Arrange a meeting with your external auditors to take them through SHE Way, the processes and systems that support SHE management system at your site to help them understand the operational context and approach of the AA SHE management system. This may include showing the auditor some of the SHE Way documents and the **+ EXTERNAL AUDITORS GUIDE** to help them understand the flow, content and structure that we follow and that guides your auditable evidence.



MANAGEMENT REVIEW



Why?

The purpose of the management review is to routinely involve senior management in evaluating the development and implementation of the SHE management system. All the elements of the SHE Management System serve as inputs into the Management Review process and through their analysis and evaluation, management is able to make decisions relating to resourcing, required actions, strategic direction, and improvement opportunities.

It is embedded in the role of leadership to ensure and periodically review that SHE performance aligns to the strategic direction. In line with the Accountability framework, the responsibility for oversight, review and evaluation of SHE management system performance and identification of opportunities for improvement is embedded in management scope of role.



How?

➔ Managers at each Anglo American business or operation must periodically (on an annual basis at a minimum) review the SHE management system to ensure its continuing:

- Suitability and fit with the organisation, its operations, culture, business systems, and the external environment and societal context for the site
- Adequacy in terms of meeting the requirements of the SHE Way through its implementation
- Effectiveness in achieving the desired results.

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MANAGEMENT REVIEW



How?

➔ Management reviews must include as a minimum, the following elements. A [+ MANAGEMENT REVIEW STANDARD AGENDA](#) and [+ MANAGEMENT REVIEW POWERPOINT PRESENTATION TEMPLATE](#) are available to support this (see this in detail under the Typical Agenda Items of a Management Review Box):

- The status of actions from previous management reviews
- Reviewing progress on overall SHE Action Plans
- Any changes in the organisation's context, including the external and internal issues that can impact on SHE outcomes, its compliance obligations including legal requirements, its SHE aspects and significant impacts, and SHE-related risks and opportunities
- Reviewing compliance with relevant legislation and regulations
- Reviewing progress on the SHE Improvement Plan including the extent to which SHE objectives have been achieved
- Reviewing progress on environmental and social performance as it relates to SHE impacts
- Reviewing the organisation's SHE performance, as reflected by trends in incidents, non-conformities and corrective actions, monitoring and measurement results, compliance status, and audit results
- Results of consultation and participation of workers
- Discuss SHE risks and opportunities including possible adjustments in the SHE and **ORM risk assessments**
- Review adequacy of resources to maintain an effective SHE management system and approve needed resources by senior management
- Review any relevant communications from stakeholders, including complaints
- Discuss and approve opportunities for continual improvement
- Prioritise activities for next three, six and 12 months.

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MANAGEMENT REVIEW



How?

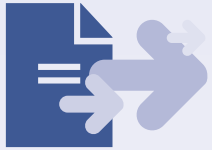
➔ Through the management review process, managers at each Anglo American business or operation must reach conclusions on the suitability, adequacy and effectiveness of the SHE management system and make decisions related to:

- Continual improvement opportunities, including improving integration of the SHE management system with other business processes
- Any changes, including resources needed, to the SHE management system
- Opportunities for continual improvement
- Actions required, especially when SHE objectives have not been achieved
- Implications for the strategic direction of the organisation.

➔ These activities include evaluating and realigning business, Operating Master Schedules and operational five-year plans. The review may take place over a period of time and can be part of regularly scheduled management activities, such as board or operational meetings; it does not necessarily need to be a separate activity.

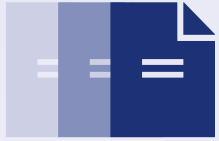
➔ The outputs of the SHE management review must be documented and retained and, where relevant, communicated to stakeholders including workers, and where they exist, workers representatives via the SHE Committees, in line with the defined communication processes and as required by compliance obligations including legal requirements. The records of the review and key topics discussed, and decisions made e.g. minutes must be kept and the Meetings module of Isometrix supports this.





WHAT IS THE OUTPUT OF PERFORMANCE EVALUATION?

Click between the SHE
Way sub-element tabs



REFERENCE TO STANDARDS

In undertaking the activities in this section, the following internal and external standards are applicable (this is not an exhaustive list).

Click between the tabs:

INT = Internal References and Standards

EXT = External Standards



HOW DOES PERFORMANCE EVALUATION FIT INTO THE REST OF THE SHE WAY?

