

CSR case studies



Anglo American Plc

Engaging more effectively with local stakeholders to realise opportunities for economic and social advancement.

● The company

Anglo American is a global leader in mining and comprises businesses covering platinum, diamonds, coal, base and ferrous metals and industrial minerals. The company operates in Africa, Europe, South and North America and Australia and is committed to adding value for shareholders, customers, employees and the communities in which it operates.

In 2007, Anglo's newly appointed CEO – the first woman to hold this role – and changes to the business structure, including a greater focus on mining as the core business, have instigated significant change within Anglo American. The company aims to adopt a leadership position in the mining sector.

Anglo American has made significant inroads towards embedding the 'five capitals' model of sustainable development into its company ethos. The company believes that, although its operations extract and process non-renewable natural resources, it can have the most positive impact through using its resources to benefit human, social, natural, financial and manmade capital.

Anglo American further demonstrates its commitment to sustainability causes through membership of the UN Global Compact, the Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles on Security and Human Rights. Its Chairman also Chairs the Global Business Coalition on HIV/AIDS and Anglo was the first company to commit funding to the public/private partnership, the Investment Climate Facility for Africa.

This case study highlights Anglo American's Socio-Economic Assessment Toolbox (SEAT) process, which contributes to sustainable development through stakeholder dialogue, assessing direct and indirect business impacts, improving the development contribution of its core business and local reporting.

● The drivers

A key driver for the Socio-Economic Assessment Toolbox (SEAT) was maintaining the company's 'social licence to operate'. It is a tool to help Anglo American to earn and retain the trust of communities in which it operates through improved management of its social and economic impacts, enhanced partnerships and environmental stewardship.

Anglo American also sought to use SEAT to:

- Build internal capacity for handling stakeholder relationships;
- Improve risk management by identifying key social and economic impacts;
- Provide a framework for developing KPIs to measure social issues;
- Advance understanding of sustainable development and the contribution the company can make at a local level; and
- Improve the local development impacts of its core business.

Additionally, SEAT was designed to be a resource in developing and updating Community Engagement Plans (for details, see September 2003 CBI CSR case study).

● **Taking action**

Support for SEAT was initially gained at an internal workshop in 2002 and a nine month pilot involving three geographically dispersed projects was undertaken. The first version of the SEAT toolbox, incorporating external consultancy input and internal best practice examples, was subsequently developed and launched in November 2003. A programme of awareness building accompanied the launch and over the following 18 months around 250 managers were trained across four continents.

SEAT involves seven steps, carried out on a three yearly cycle, to provide a snap-shot of local social and economic issues and stakeholder views related to any Anglo American operation. Amongst other outputs, it can reveal: key local issues; who to engage with; how to manage engagement; who is accountable, recommend appropriate management responses to local concerns and what review mechanism to adopt.

Version 1 of the Toolbox was not made mandatory and yet uptake was strong with approximately 55 operations in 16 countries implementing the process worldwide. Peer pressure and the desire by individual operations to be seen as leaders were cited as key motivating factors. The first two SEAT reports were released at the end of 2004 by operations in Zimbabwe and Venezuela.

Anglo American has been encouraged by the fact that issues emerging in SEAT reports have not generally come as a complete surprise. Recurring issues which need to be addressed amongst stakeholders include, for example a lack of trust related to health and environment issues; access to jobs and training opportunities; and procurement, including enterprise development and simplified tendering processes.

SEAT has also resulted in unexpected successes. In Chile, for example, the process was implemented in partnership with a local NGO and has led to the implementation of a wide-ranging enterprise development and a micro-finance scheme.

In a number of countries relationships designed to encourage a more collaborative relationship with farmers have been instituted. For example, in the communities surrounding the Chagres smelter in Chile, capacity building programmes have been instituted which involve improving the goat-breeding stock, training around bee-keeping skills and a branding and marketing campaign to enable local products to command a premium in urban markets. In Venezuela, a new model farm has been initiated to help improve local agricultural practices.

SEAT has also improved management of social issues such as housing, transport, HIV/AIDS initiatives and recruitment practices. For example, in Zimbabwe the findings derived from the SEAT process have helped to motivate the building of a causeway which significantly cut the round-trip for access to the local town for some rural communities and led to an improvement in company-owned housing stock.

The SEAT model has been endorsed by the One World Trust and a recently completed independent evaluation by North American NGO, Business for Social Responsibility.

● **Business benefits**

The benefits of SEAT can vary widely depending on the operation and the country in which it is implemented. Benefits reported to date include, amongst others:

- Better understanding of local communities;
- Improved stakeholder relationships;
- New and improved partnerships;
- Enhanced reputation for the company;
- Increasing availability of local suppliers;
- More vibrant local communities;
- Strengthened licence to operate.

● **Why is it CSR?**

By engaging with stakeholders in a systematic and transparent manner, Anglo American is holding itself accountable and recognising that the ongoing sustainability of its business rests with the communities in which it operates. SEAT process is contributing to behavioural change across the organisation and enabling

appropriate management responses to CSR-related issues.

Moreover, Anglo American is encouraging good practice by making the original version of SEAT available on its company website for use by other companies.

● **What next?**

With the launch of SEAT Version 2 in mid 2007, Anglo American is working towards a more streamlined process which is mandatory across all significant sites worldwide. Drawing on feedback from the initial phase the assessment tools have been simplified; guidance has been given on communicating with stakeholders at each stage of the process and new tools have been added on stakeholder relationship management. The next phase also has a greater emphasis on forward planning with the inclusion of guidance and tools for capacity building; emergency planning; closure of operations; sustainable energy and water projects and working with economic diversification.

Contact us

Do you have any comments on this profile? Would you like your organisation to be profiled?

For further information, please contact Lee McDougall at Article 13 on 020 8840 4450 or email leem@article13.com.

For more information on Anglo American and the SEAT process, please contact Edward Bickham at ebickham@angloamerican.co.uk or visit www.angloamerican.co.uk.

● **Additional Notes**

Extractive Industries Transparency Initiative (EITI): The EITI supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas, and mining. The Initiative builds multi-stakeholder partnerships in developing countries in order to increase the accountability of governments. Anglo American endorsed the EITI at its launch at the 2002 World Summit on Sustainable Development. www.eitransparency.org.

Five Capitals Model of sustainable development:

This model is used by Anglo American as the organising framework for its sustainable development programme and reporting. The 'five capitals' are: human, financial, social, natural and manufactured. Visit www.forumforthefuture.org.uk to learn more about sustainable development models.

United Nations Global Compact (UNGC):

The UNGC is an international voluntary initiative which seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation. Anglo American joined the UNGC in June 2004 and has committed to embrace, support and enact the ten principles in the areas of human rights, labour, the environment and anti-corruption. www.unglobalcompact.org.

Voluntary Principles on Security and Human Rights:

Governments, NGOs and companies in the extractive and energy sectors are engaged in a dialogue on security and human rights to develop a set of voluntary principles. The Principles provide a framework within which companies can maintain the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms for local people. Anglo American was accepted into membership of the Voluntary Principles on Security and Human Rights in January 2005 following its own lengthy risk assessment process and a period of preparing materials for implementing the Principles. The Principles can be read in full at www.voluntaryprinciples.org.

Investment Climate Facility for Africa (ICF):

The ICF is a private-public partnership designed to enable the private sector, G8 countries, other donors and African governments and institutions to support Africa's vision for sustainable growth and development. www.investmentclimatefacility.org

Global Business Coalition on HIV/AIDS (GBC):
GBC is comprised of more than 220 companies working to maximise their impact in the fight against HIV/AIDS, tuberculosis and malaria. www.businessfightsaids.org