

ENGAGEMENT

# advancing sustainability

Anglo American has developed an in-house assessment tool that allows it to identify and manage the social and economic impacts of its mature mining operations – and provides an analytical framework for assessing an operation’s contribution to sustainable development

At Chagres, a settlement near the town of Llay Llay, 100km (63 miles) north of Santiago in Chile, huge machines feed more than half a million tonnes of concentrate into a smelter that turns out 160,000 tonnes of copper a year. Inevitably the site, which is owned by Anglo American Chile, is highly visible. Some impacts are obvious, such as lorries transporting materials, others less so: the smelter’s employees are paid four times the average salary of local farmers, making the plant a vital part of the local economy.

A sea change has taken place in the mining and metals sector’s attitude to sustainability in recent years with Anglo American, the world’s third largest mining group, at the forefront. Four years ago it began developing, with support from the consultancy ERM, a Socio-Economic Assessment Toolbox (SEAT) designed to identify and manage the social and economic impacts of its mature operations. SEAT sets out a recommended way of engaging with local people, finding out what their concerns are and then working out how to respond to them.

Following successful trials at Anglo American forestry operations in South Africa, the German Creek coal mine in Australia and its Mineracao Catalao niobium mine in Brazil, almost 60 of its operations have used the SEAT management system, and a fresh round of assessments is now under way at the company’s mining and smelting operations, using a revised version.

‘There is guidance available from various sources on stakeholder profiling and engagement, social investment and stakeholder reporting,’ says Jonathan Samuel, Anglo American’s international social and community development manager. ‘But until SEAT, this hadn’t been brought together in a format accessible to non-specialists in operational roles. With SEAT we now have simple, step-by-step guides for a wide range of key community engagement and development topics.’

However, SEAT is much more than a guide to community consultation. The seven-step process provides an analytical framework for assessing an operation’s contribution to sustainable development and improves risk management by identifying key social and economic impacts and issues.

SEAT also provides guidance on sensitive areas such

## the company

Anglo American is one of the world’s largest mining companies with core businesses in platinum, diamonds, coal, base and ferrous metals, and a gross annual turnover of \$33 billion (£16.5bn). The company has a long track record of innovative social initiatives. It:

- was the first large company to develop a comprehensive strategy to seek to minimize HIV infection among its employees and now runs the largest such workplace programme in the world
- has developed award-winning approaches to local enterprise development that have been used as models by organizations such as the World Bank
- was judged best UK sustainability reporter in the 2006 ACCA Awards for Sustainability Reporting, along with the telecoms company BT
- is a signatory to the Voluntary Principles on Security

as how to involve interested parties in resettlement and emergency planning, and shows how managers can assist in community development. Guidance is provided on, for example, creating partnerships with civil society, promoting local enterprise development, building the capacity of local communities and supporting sustainable water and sanitation or energy schemes.

As a result SEAT reports, which are publicly available in host communities and on the Anglo American website, contain a significant amount of detail. Some of this can be challenging for the operation. For example, the Chagres SEAT report noted that among local people ‘there is the perception that the company reports to itself.’ This identified a clear need for more regular engagements with host communities, an action which is now being implemented.

Cynthia Carroll, Anglo American’s chief executive, who visited the Chagres smelter earlier this year, says: ‘SEAT has reminded us that as far as communities are concerned, their perceptions are the realities with which they live. If these perceptions are objectively wrong we must not leave them to fester but must find the means to change them through better communication or through trust-building measures – such as involving local people in environmental testing.’

Following the SEAT assessment at Chagres in 2004, Anglo American is encouraging local groups to get involved in particulate and noise monitoring, and is supporting the creation of a communal environmental committee. The company says only ten per cent of

**‘SEAT provides simple step by step guides for a wide range of community engagement’**



■ getting involved: the community development teams at Anglo American's Chagres smelter in Chile gather for their first meeting

airborne particulate matter in the valley is from its smelter; dirt from roads, farming and fires make up much of the rest. The site has made a conscious effort to buy more products and services locally and encouraged service suppliers to hire more local staff and put money into training. Nationally, Anglo has responded to common findings from all the Chilean SEAT reports and has initiated a micro-credit programme that will reach 7000 entrepreneurs by 2010. In Chile, Anglo operations have implemented SEAT in partnership with the local NGO Casa de la Paz, establishing a productive ongoing dialogue between the organizations.

It's still early days, but there is evidence that Anglo American's standing has improved in the communities where SEAT has been implemented. An independent survey, carried out by the US-based NGO Business for Social Responsibility on behalf of the company, found that around 80 per cent of stakeholders interviewed at sites around the world believe that trust has improved. BSR concluded that SEAT 'represents an international best practice and is an important contribution to the extractives sector and corporate community development activities' – and Anglo American has now made SEAT available on its website for other companies to use.

Further accolades have come from the One World Trust, a UK-based NGO that promotes accountability among transnational organizations. They ranked Anglo American highest among the corporations assessed 'for their capabilities for evaluating their social and environmental impact', with SEAT singled out for special mention.

Anglo American does not necessarily expect SEAT to increase its overall social costs. 'It will help to ensure that social investment is well targeted and projects are well designed', says Samuel. 'Social investment resources are anyway much smaller relative to other expenditure.'

The SEAT report for Chagres shows that in terms of

demand, the smelter benefits the economy to the tune of \$74.9m, most of which (\$63.7m) is in the form of spending on goods and services from domestic suppliers, along with staff emoluments (\$6.53m), and taxes (\$4.42m). Social investment accounted for \$173,000. Social investment, in other words, is only one form of the company's positive impact on the host economy.

SEAT is never going to resolve all the social issues faced by mining operations and their host communities, and while any dialogue carries risks, the important thing, says Samuel, is to have the conversation. 'We now have a much better understanding of the priorities and concerns of our stakeholders and, crucially, of the relationships and rivalries between them. With this information we are

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## comment ANGLO AMERICAN



Companies in the extractive sector have little choice as to where they operate: they have to be where the deposits are located. The local impact of the often huge operations of some mining companies has been the subject of criticism. However, Anglo American has been developing a unique analytical tool (SEAT) for the last four years to help assess its social, economic and environmental effects on local populations. Its use at a site in Chile producing copper has made a tangible difference to local relations and promises to do so elsewhere, as there are plans to use it at Anglo American sites all over the world. SEAT is proving to be a useful tool in many different sectors and industries, and Anglo American has made it available for others to use.

### points of interest include:

- it involves local people in identifying and solving problems
- the impact reports are publicly available
- the SEAT management tool can be used anywhere.

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