

Speech by Kuseni Dlamini: Head of Anglo American South Africa

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Natural Resources Contributing to Sustainable Development

Thanks Chair for that kind introduction.
Good morning ladies and gentlemen and fellow panellists.

It is rather difficult if not nearly impossible to fit this vast topic on **Natural resources contributing to sustainable development** in just 12 minutes.

I will therefore give you just an overview of what we at Anglo American are doing to contribute to sustainable development but I am sure that we can discuss this issue further during the Q&A's session.

About Anglo American

Let me start by briefly introducing to you my company. Anglo American is one of the world's top five mining groups. We have a presence in 45 countries, stretching from Alaska to Australia and from Chile to China. In Africa, we are actively involved in eight countries and are looking at opportunities in five other countries. We have business interests in platinum, coal, ferrous metals, base metals and diamonds through our independently managed business De Beers.

Natural resources and sustainability

Like with many other natural resources companies, at Anglo American we face a challenge of achieving sustainable development by growing revenues and increasing profitability while maintaining the highest ethical, environmental and social responsibility standards. It is important that as we grow revenues and increase profitability we should do so in such a way that it should lead to the socio-economic advancement of countries and local communities in which we operate.

Traditionally mining has sought to create a triangle of benefits; by providing revenues for governments; delivering profits for companies; and providing livelihoods for local people. As the industry has become more capital-intensive and skills required have become more sophisticated, it has become more difficult for local communities to reap the benefits of mining. In some instances mining activities have negatively impacted on the local communities and led to social and environmental problems including contribution to climate change.

SEAT (Socio-Economic Assessment Tool)

It is because of these positive and negative impacts of mining activities that at Anglo American we developed a Socio-Economic Assessment Tool, known as SEAT. I believe that you all have the SEAT Overview manual in your delegates' bags. If not, kindly visit our exhibition stand and get yourself a copy.

SEAT is a hands-on community engagement and development manual that is intended to improve our operation's understanding of their socio-economic impacts, both positive and

negative on the surrounding communities. SEAT enables us to create a structured dialogue with stakeholders affected by our operations. Most importantly, SEAT compels management of our operations to commit themselves to improving their local impacts for the next three years; and in doing so we earn and retain the trust of the communities where we work and whose lives our operations impact.

Four phases of a SEAT process

Let me quickly explain the four phases of a SEAT process:

First Phase

The first phase is a two step process of firstly profiling and understanding the Anglo operation in question. This includes gathering information such as the number of people employed, main activities undertaken on site and turnover generated.

The second step of the first phase is to profile the affected communities, to identify stakeholders and the dynamics between them and to plan stakeholder engagement.

Second Phase

The second phase is community engagement to identify and assess both negative and positive social and economic impacts of the operation on local communities; this includes assessing impacts of corporate social investment initiatives. It is always advisable to use an independent and experienced community engagement facilitator during this phase.

Third Phase

Once these first two phases are complete, the Anglo operation is expected to develop its management responses. These detail how the business intends to address the issues that have arisen and, in particular, how it intends to maximise beneficial development impacts. To help operations achieve this, a suite of 11 'community development' tools is available upon which to draw. The toolbox helps to ensure that communities feel a sense of ownership of the projects, rather than seeing them as externally imposed.

Fourth Phase

The fourth and last phase is to publish a management responses plan in a report of around 30-40 pages, which is distributed to the local community. This is usually launched at a meeting of stakeholders and publicised in the media. The report outlines the operation's commitments for improving its local impacts over the following three years. The report ensures a degree of rigour and accountability in that it both includes a summary of feedback from stakeholders, firm commitments and Key Performance Indicators.

SEAT accolades

SEAT has been a really useful toolbox for us and has now been implemented at every one of our significant operations, at some 60 sites in 16 countries. It has been praised by organisations as diverse as the World Bank, the One World Trust and, most recently, by the US-based NGO – Business for Social Responsibility. Ladies and Gentlemen we do licence SEAT on a no-cost basis to bona fide organisations and if you are interested please refer to contact details in the manual.

Enterprise development – Anglo Zimele

Besides SEAT implementation and normal corporate social responsibility initiatives, we also go beyond philanthropy and operate as an Inclusive Business by establishing small and medium enterprises from the local poor communities and linking them to our supply chain. Our enterprise development unit known as Anglo Zimele, which means ‘Stand for yourself’ or ‘Be independent ’ has been remarkably successful and is currently invested in 44 businesses creating over 5000 jobs. I believe that my colleague Nick van Rensburg who is closely involved with Anglo Zimele will be presenting later today on how the Zimele model works.

International recognition

We are humbled by the accolades that we have received for our role in sustainable development. We were awarded the Commonwealth Business Council’s 2008 Best International Business in Africa for our leading work on HIV/AIDS, social investment, SEAT and enterprise development.

We were recognised as the best supporter of corporate social investment initiatives in South Africa for an unprecedented eight consecutive years.

Conclusion

Let me conclude ladies and gentlemen by a short case study on how natural resources have contributed to the development of Botswana’s economy.

When Botswana obtained independence from the United Kingdom in 1966, the country had just 2 secondary schools, only 12 kilometers of paved road and relied on the United Kingdom for half its revenue. When diamonds were discovered in Botswana, the fortunes of that country were changed for the better. From the start, through our diamond business De Beers we formed a partnership with the government, who are 50% shareholders in Debswana. Today, diamond mining accounts for more than a third of Botswana’s GDP, generates about half of the government’s revenues and accounts for about 80% of export earnings.

Botswana has successfully used its economic windfall from diamond mining to become a middle-income country with one of the fastest growth rates in per capita income in the world. The country has invested in infrastructure, education and health. It has created a positive environment for investment and growth. By maintaining a sound fiscal policy and a negligible level of foreign debt, Botswana has earned highest sovereign credit rating in Africa.

This is just one example and I am sure that with more direct foreign investment coming into Africa more countries blessed with natural resources would emulate Botswana’s example.

Thank You.