

Anglo American Plc

Organisational Information

Anglo American plc (Anglo) formed in 1999 through the combination of Anglo American Corporation of South African (AACSA) and Minorco and is a global leader in the mining and natural resource sectors. It is one of the world's largest independent coal miners and has interests in mining raw materials including gold, platinum, diamonds, ferrous and base metals, and industrial minerals.

The Group has operations in 65 countries across Africa, Europe, Australia, and South and North America and employs 209,000 permanent members of staff; 149,000 of these reside in Africa making it one of the largest private sector employers and investors in the continent.

Anglo American is based in London, UK and its net income in 2006 was US\$2.94 billion.¹

Anglo actively engaged in the data collection process for the 2006 Global Accountability Report. They completed a questionnaire, provided access to internal documentation and representatives of the organisation were interviewed as part of the research.

Organisational Structure

Anglo operates through 8 product base businesses: Platinum, Gold, Diamonds, Coal, Base metals, Industrial minerals, Paper and packaging and Ferrous metals and Industries. Its main subsidiaries are: Anglo Platinum, Anglo Coal, Anglo Paper and Packaging and the Mondi Group. Anglo also partially owns a number of independently managed companies including AngloGold Ashanti (51% share) and De Beers (45% share).

Anglo American's Annual General Meeting constitutes its governing body while the executive body is the Board of Directors. The Board of Directors is responsible to the shareholders and makes decisions on issues of strategic direction, major acquisitions and approves major capital expenditure. The Board has a strong independent element and currently comprises, in addition to the chairman, four executive and ten non-executive directors. The Board delegates certain responsibilities to a number of standing committees: the Audit committee, Remuneration committee, Nomination committee and the Safety & Sustainable Development Committee.

Transparency Dimension

Anglo American rank joint third among the ten assessed corporations for their transparency capabilities with a score of 46 percent.

Although they do not have an information disclosure policy, in Good Citizenship: Our Business Principles, Anglo make a commitment to transparency in their relations with investors and employees and in their Community Engagement Guidelines they make a commitment to openness in company-community relations. Neither of these documents however, meets any good practice principles of transparency; for example there is no commitment to respond to information requests within a certain time period or identification of the narrow conditions under which information will not be made available.

The management systems Anglo have in place to foster compliance with their transparency commitments are well developed. Responsibility for the Business Principles exists at the highest level within the company with the Chairman and the Chief Executive sharing overall oversight and the Executive Vice President of External Affairs having responsibility for co-ordinating compliance and promotion activities. Training on the Business Principles is included in all employees' standard induction and refresher training/briefings are carried out at site level on either a half-yearly or annual basis. The Business Principles are also made

¹ <http://finance.google.com/finance?q=AAUK>

widely accessible to external stakeholders through dissemination at corporate, business unit and site level and through their availability on the website. They are also translated into 25 languages.

Participation Dimension

Anglo rank third among the ten assessed corporations for their participation capabilities with a score of 56 percent.

External Stakeholder Engagement

Anglo has a policy that guides stakeholder engagement entitled: Managing Stakeholder Relations. Although this identifies the main objectives of engaging with various stakeholder groups it makes no commitment to any of the good practice principles of stakeholder engagement, such as committing to make public how input from external stakeholder engagements affects decisions.

While Anglo has systems in place to oversee stakeholder engagement, they could be improved. Overall oversight for the policy lies with the Executive Vice President of External Affairs, while responsibility for specific stakeholder groups is spread out across the organisation. Relevant staff also receive training on engagement as part of their professional development. Anglo however does not disseminate the policy externally or translate it and they lack an institutionalised means of engaging with external stakeholders in corporate decision-making.

Internal member control

Anglo has relatively strong member control. All shareholders with voting rights can attend the AGM and are able to nominate candidates for all executive Board seats. Directors are also elected/re-elected by ordinary resolution which requires a majority of those shareholders voting. Similarly, shareholders can initiate a process of dismissal of a member of the Board providing a resolution is given at least 28 days before the meeting at which it is to be moved. Where Anglo falls down is in relation to enabling shareholders with at least 1% or more of shares to add items to the agenda of the AGM. Because of the threshold set by UK corporate Law, only those shareholders with 5% of the voting power or 100 or more shareholders whose paid-up capital averages at least £100 each are afforded this right.

Evaluation Dimension

Anglo American rank highest among the assessed corporations for their capabilities for evaluating their social and environmental impact, with a score of 78 percent.

They have a Safety, Health and Environment Policy underpinned by management principles that guides environmental impact evaluation. This policy commit the company to setting “appropriate goals, objectives and targets and performance indicators for all...operations” and to monitoring, reviewing and confirming “the effectiveness of management and workplace performance against divisional and company standards, objectives targets and applicable legal requirements.” Anglo American also has a tool called the Social and Economic Assessment Toolbox (SEAT) for operations to understand and report on their social and economic impacts. The Safety, Health and Environment Policy constitutes a specialised policy on evaluating environmental impact, while the SEAT toolkit is a specialised policy for social impact. Good practice principles on evaluation exist in each of these documents; both for example make a commitment to being open about the results of impact evaluations. Similarly both commit to evaluating against social and environmental goals at operational level and policies at corporate level.

The management systems that Anglo has in place to foster compliance with their commitments are also relatively well developed. The Executive Vice President of External Relations has overall responsibility for SEAT and currently 250 people have been trained on how to use and implement the tool. Because SEAT is proprietary, only the overview of the tool is disseminated externally, however this offers a comprehensive outline of the process.

SEAT is also translated into Spanish and Portuguese, however these translated versions are not made available to external stakeholders.

Anglo's evaluation systems are supported through a number of mechanisms for ensuring the dissemination of lessons learnt through out the company. They run training modules for general management that cover issues such as sustainable development that draw on best practice. They also have Social Forums that are attended by middle to senior managers dealing with social and environmental issues and human resources. The training that is provided on SEAT also emphasises peer-to-peer learning.

Complaints and Response Dimension

Anglo rank third among the ten assessed corporations for their capabilities for responding to and handling internal and external complaints with a score of 67 percent

The company has a Whistleblowing Policy that identifies how they will respond to complaints and a "Speakup" facility which provides the channel through which these complaints can be made. The Whistleblowing Policy states that Anglo will accept complaints from both internal stakeholder such as staff and external stakeholders such as contractors, however there is ambiguity around if the commitments made in the policy in actuality apply to both stakeholder groups. For internal stakeholder, the policy is explicit in what complainants can expect in terms of process- the policy meets all but two good practice principles- however for external stakeholders this is less clear: The policy for example is not explicit on if the confidentiality of external stakeholders will be ensured; it only makes a commitment to non-retaliation against employees, not external stakeholders, and there in no explicit mention that those assessing and investigating complaints from external stakeholders will be independent of the complainant. While the Whistleblowing Policy and the "Speakup" facility are open to external stakeholders, neither was developed with the needs of external stakeholders in mind.

There is high-level oversight of the Whistleblowing Policy through the Finance Director who reports directly to the Board Audit Committee on a quarterly basis. Responsibility also lies with the Head of Sustainable Development, Head of Human Resources and with Head of External Relations and Social and Community issues. Both the team that is sent complaints and the line managers that are responsible for investigating them receive training on the policy.

Undermining Anglo's systems for handling and responding to complaints from external stakeholders is the fact that the Whistleblowing Policy is not disseminated to external stakeholders.

Conclusion

Anglo American's evaluation capabilities are the most developed area of their accountability, while their transparency capabilities are the least. In light of this, there are three areas where reform is most needed. Anglo American should supplement the vague commitments made to transparency in their Business Principles and Community Engagement Guidelines with as organisation-wide policy on information disclosure that clearly identifies what, when and how information will be made available and commits to responding to all information requests.

Anglo should also develop a separate policy that outlines how they will handle and respond to complaints from external stakeholders, or at the very least be more explicit about how the commitments made in the Whistleblowing Policy apply to external stakeholders such as community groups. This policy should also be translated into multiple languages and made publicly available.

In addition, Anglo should improve their stakeholder engagement policy. They are one of the only assessed corporations to have such a policy; however it currently lacks the good practice principles that help foster high quality engagements. Again, they should also make this policy publicly available so that external stakeholders are aware of the commitments the organisation are making and can hold them account to them.

The 2006 Global Accountability Report assessed the accountability of 30 global organisations from the intergovernmental, non-governmental and corporate sectors according to four key dimensions of accountability – transparency, participation, evaluation, and complaint and response mechanisms. The study investigated the extent to which these organisations have in place the capabilities – policies and systems – at headquarters or the global office that foster accountability to communities they affect and to the wider public. At the global level, organisations need to have in place enforceable policies on key dimensions of accountability in order to promote consistency in approach both at different levels throughout the organisation and in relation to their diverse stakeholder groups. The presence of a policy at the global office indicates a public commitment to the dimensions of accountability and enables stakeholders to demand compliance with these policies; yet how these commitments translate into practice is equally important. The project team at the One World Trust is actively seeking innovative ways to assess accountability in practice both at the global office and field levels. Such assessments will help build a more comprehensive understanding of an organisation's accountability.

For a full list of indicators against which each of the 30 organisations were assessed click [here](#) or for further information on the 2006 Global Accountability click [here](#).