



Real Mining. Real People. Real Difference.

Anglo American Sustainable Development Report 2013: Skilfully seductive

A less glossy approach to the serious issues surrounding Anglo American's business would be more convincing

There is often something so skilful, sleek and shiny about mining sector reports that you would be forgiven for overlooking the fact that this is one of the most controversial and criticised sectors in the sustainable development landscape. Anglo American delivers a sleek sustainable development report in a year plagued with union pushback strikes in South Africa, shareholder remonstrations at executive pay and landmark payouts to miners who developed tuberculosis in Anglo American's South Africa gold mines, with a promise of more lawsuits on the way.

Newly appointed no-nonsense turnaround CEO Mark Cutifani is "Focused on Delivery", (the title of this 2013 report), and states his ambition "for all our host communities, and our wider stakeholder base, to feel their lives are better for Anglo American's presence". However, Cutifani's opening message navigates around anything that might be even slightly controversial, with the exception of a further 14 fatalities that occurred in Anglo American businesses in 2013.

He stresses water conservation, greenhouse gas emissions reduction, people development and community investment – areas in which Anglo American can claim positive progress. Peppered with upbeat language, this report is skilful to the point that it actually projects a certain credibility.

Connecting the mining activity of this company to the impacts its products have on our daily lives by highlighting the number of minerals required to make a computer, a mobile phone, a car, and even a wind turbine, Anglo American cleverly reminds us that the output of this company is products that are embedded in our daily lives, and even indispensable to modern life. Perhaps this can create a partnership mindset for readers of this report. We all demand these products. We must understand that they come with a sustainability price-tag.

Sleek strategy

The report outlines an overhaul of the company's sustainable development strategy with two concurrent phases. The first phase from 2013 to 2016 is a short-term necessity of achieving a step change in performance in areas of effectiveness and efficiency, governance, safety, health, environment, people and socio-economic development. The second phase, which is not dealt with in detail in this report, runs from 2013 to 2025 and refers to an ambition to lead fundamental change in the mining industry. Anglo

American is currently engaging with a range of organisations to establish what the sector needs to do to address longer-term risks and opportunities.

Material issues have been revised to support this strategic approach and inform the report content. Eight issues form the main content sections of this report and are addressed with clarity and attention to risks, opportunities and performance. First phase targets to 2016 are well presented and performance is reported for 2013 and the previous year. A small number of case studies illustrate positive examples of Anglo American's performance.

Sometimes, even challenging issues can be presented in a shiny way. A good piece in the Anglo American report is the restructuring of the platinum business in South Africa, which required the elimination of 14,000 jobs. Anglo spent months in negotiation with locals and set up a social impact plan to support employees and the community throughout the process, investing funds, redeploying people and creating new job opportunities.

On the environmental side, shininess excels. Anglo American reports achievement against 2013 projected impacts, with a 22% reduction against projected water consumption, 19% reduction against projected GHG emissions, and a 5% reduction against projected energy consumption. Confusingly, in fact, total water consumption increased in 2013 by 28%, GHG emissions reduced by 6% and absolute energy consumption reduced by 6%.

Perhaps a simpler intensity measure of consumption per tonne of output would help us understand the actual degree of Anglo American's performance impacts. However, detailed data by mined product and by performance area is provided in extensive tables covering five years. Anglo American also publishes additional reports with more detail for some business units. As far as overall transparency goes, the company does an impressive job.

This report gives the impression that the information it contains has been carefully selected, meticulously presented through a positive lens (always allowing for occasional flaws such as fatalities and restructuring), and seductively polished for delivery to the world. In many ways, this is not a criticism. The work that Anglo American does has strong local social development benefits and makes an important contribution to society.

We all have a stake in this business, directly or indirectly. However, a less shiny report, addressing in more depth fundamental issues relating to longer term impacts on health, resource depletion, social demographics and employee relations might turn this report into one we could read with greater confidence.

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Snapshot

Follows GRI? Claims to be in preparation for G4.

Assured? Yes

Materiality analysis? Yes

Goals? Yes

Targets? Yes

Stakeholder input? No

Seeks feedback? Yes

Key strengths? Material issues clearly stated and addressed.

Chief weakness? Too sleek and shiny.

Pleasant surprise? Economic footprint in South Africa study.