

Business for Social Responsibility

Anglo American

Socio-Economic Assessment Toolbox

(SEAT)

A public evaluation

October 2007

Introduction

Anglo American plc is one of the world's largest mining companies with core businesses in platinum, diamonds, coal, base and ferrous metals and industrial minerals. The company has operations and development activities in Africa, Europe, South and North America and Australia. The company has gross annual turn over valued at USD\$33 billion and 130,000 employees.

Anglo American plc's Socio-Economic Assessment Toolbox (SEAT) forms the centrepiece of the Group's management of social and community issues at existing operations. The SEAT process was developed by Anglo American, with support from the consultants Environmental Resources Management (ERM) in 2002-3.

SEAT was launched in 2003 and has subsequently been implemented at more than 55 operations (including forest plantations, paper mills, a sugar estate, smelters, mines, quarries and steelworks) in 16 countries worldwide. To date Anglo American has trained more than 350 personnel in the SEAT method and its application. The implementation of SEAT at Anglo operations has led to support for a range of social management initiatives, including education, training, community health, infrastructure and local enterprise development projects. SEAT has also led to improved management of social issues such as housing, transport, HIV/AIDS and recruitment.

Project Background and Context

Over the past decade a number of prominent stakeholders such as governments, non-governmental organisations (NGOs), multi-lateral organisations, project finance institutions, the media and host communities have increasingly looked to extractives companies to demonstrate enhanced contributions to sustainable community development. It has therefore become paramount for extractives companies to better align their efforts at the operational level with local needs, values and concerns in order to secure their 'social license to operate' – a concept defined as 'meeting and/or exceeding the letter and spirit of legal and societal expectations.' SEAT was conceived specifically to enable Anglo American's operations to enhance their social license to operate, consistent with the expectations of local stakeholders.

Corporate efforts and initiatives that today are defined as 'sustainable development' or 'social investment' have long been familiar to companies in the extractives sector, who have often had to provide a range of community infrastructure at remote operating locations. More recently, companies such as Anglo American have sought to enhance the benefits produced by mining operations for a variety of emerging factors, including a recognition that:

- Significant future mining investments are increasingly likely to occur in less developed regions or areas of weak governance;
- Private investment is often the most significant and long-lasting growth generator (alongside an implicit recognition of the modest overall success of government aid programmes);
- Today's mining projects generally employ fewer workers with higher skills than previous projects, meaning that some of this traditional local benefit has been removed from host communities, thus requiring companies to deliver new forms of benefit; and

- Companies are increasingly recognising that healthy and stable host communities are good for business. For example, prosperous communities are more likely to be able to provide local suppliers and workers, and are less likely to succumb to problems such as HIV/AIDS.

Anglo American retained Business for Social Responsibility (BSR) to conduct an independent third-party evaluation of the impact of SEAT implementation on stakeholder relationships, the internal management of social issues and on community development initiatives. These were to be judged against the SEAT's stated objectives which are to:

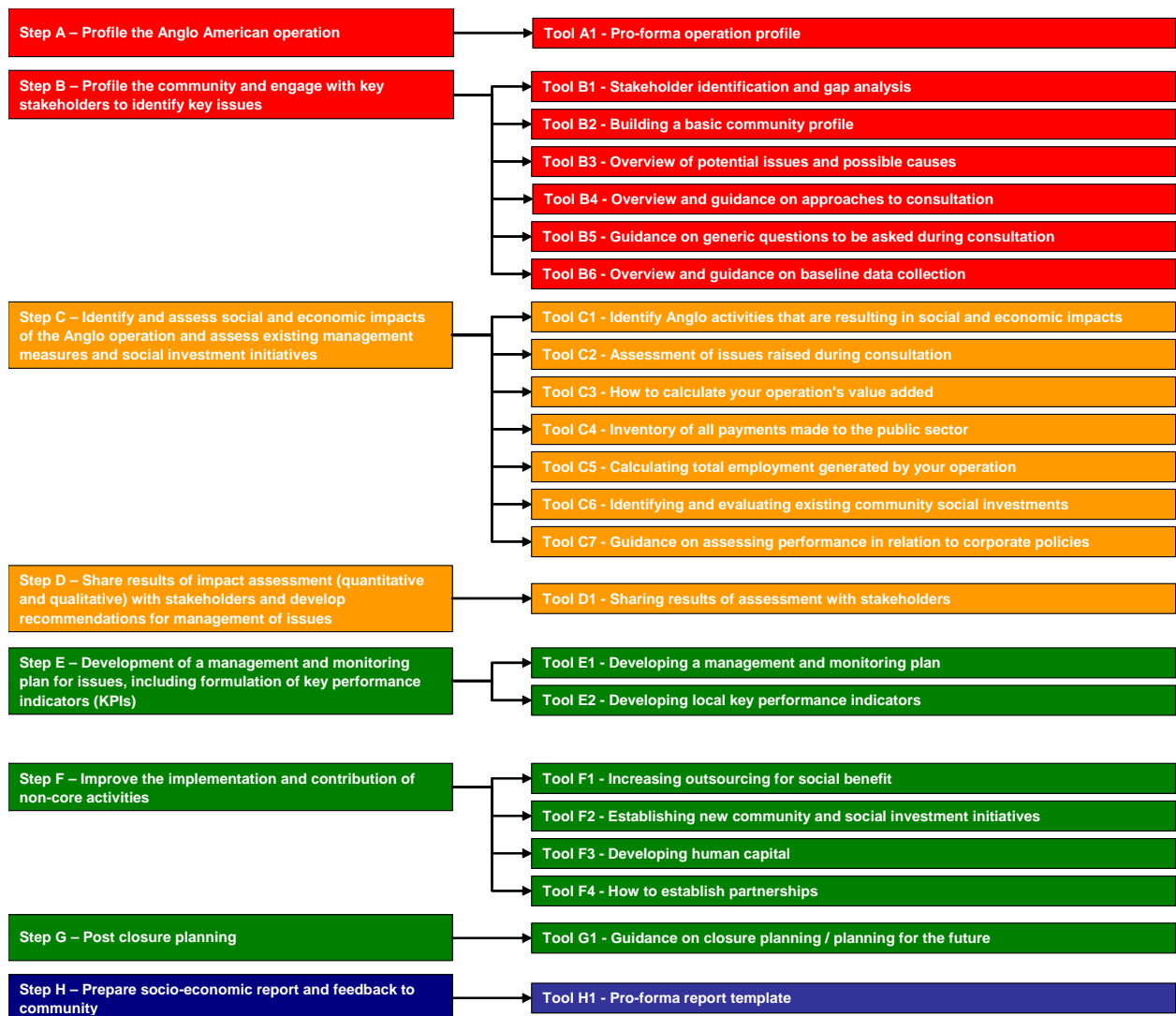
- Share best practice in the management of social and community issues across the Anglo American Group of Companies;
- Build capacity to manage social issues at site level;
- Ensure effective stakeholder engagement;
- Improve risk management;
- Deliver on Anglo American's 'Good Citizenship' business principles;
- Enable Anglo American operations to play an effective role as a development actor in the communities where they are based;
- Develop uniform site-level social key performance indicators that contribute to external accountability and reporting and to improving internal understanding of the metrics of sustainable development;
- Enrich quality of Community Engagement Plans; and
- Contribute to better social investments.

BSR's analysis is therefore intended to help inform and guide future implementation of the revised SEAT toolbox launched in 2007. Specifically, BSR sought to identify those aspects of implementation which might be regarded as 'best practice,' and to provide recommendations for potential improvements where we identified remaining obstacles.

The SEAT Process

The SEAT process is shown in the illustration on the next page and includes the following key steps that implementers follow in sequential order:

- Profile the operation and its host community;
- Identify and engage with a full range of local stakeholders;
- Identify the impacts of the operation, both positive and negative, and the community's key socio-economic development issues;
- Develop a management plan to mitigate any negative aspects of the operation's presence, and to maximise the benefits while working with communities to address some of the broader development challenges they face (which may be unrelated to Anglo's operations);
- Produce a public report in conjunction with stakeholders that forms the basis for ongoing engagement with, and support for, the host community.



The updated version of SEAT launched in the second half of 2007 has streamlined the assessment and engagement tools, addresses growing stakeholder interest in ‘resource curse’, health and human rights issues, provides greater guidance on managing relationships with stakeholders (for example through complaints and grievance procedures and community involvement in emergency planning) and provides more guidance on how to support community development initiatives.

It is intended that a SEAT assessment will be conducted at least every three years at Anglo’s operations and, therefore, the present juncture marks the beginning of the second wave of SEAT implementations.

Additional information about SEAT, along with examples of SEAT reports from more than a dozen Anglo American operations that have implemented it may be found at www.angloamerican.co.uk/cr/socialresponsibility/seat/.

Project Method

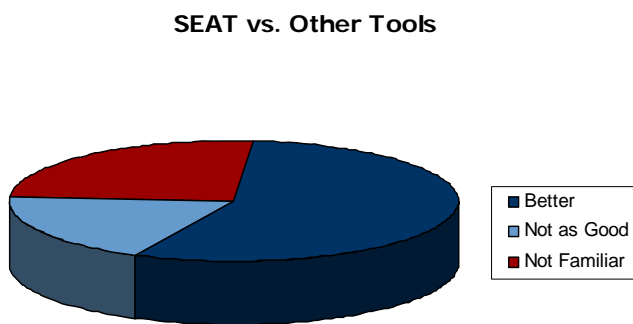
BSR compared SEAT to a number of analogous processes at Anglo American's peer companies in the mining industry, as well as to a number of relevant industry and external voluntary standards and expectations. This was done in order to assess Anglo American's efforts to align with or establish industry and global best practice. BSR also undertook desktop research and telephone interviews conducted from San Francisco and, in July 2007, two BSR consultants travelled to Anglo American operations in Chile (Chagres and El Soldado) and South Africa (Anglo Coal's Isibonelo and New Denmark sites), and to Mondi Business Paper's Mkhondo Forestry Operation. Together, the consultants conducted nearly 75 detailed, in-person and group interviews with a broad range of internal and external stakeholders totalling approximately 200 people.

Key Findings

SEAT represents an international best practice in sustainable community development:

We believe SEAT represents industry best practice compared to analogous tools and processes across the industry. This assessment is based on findings from the interviews conducted with stakeholders in Australia, Brazil, China, Namibia, the United Kingdom and the United States, and supported by BSR's own knowledge and experience in community development.

Graphic 1- How does SEAT compare to other external frameworks (such as other companies, governments, NGOs or development agencies) used to assess socio-economic impacts and community development? Over one-half of respondents thought SEAT was better than other tools while less than half were not familiar with other similar tools or frameworks.



Anglo is not alone in recognising the value of engaging with stakeholders, and in proactively identifying their key concerns and issues as a means to better understand its operations' impacts on their host communities. SEAT, however, appears to offer a more comprehensive level of detail and guidance for identifying and addressing socio-economic impacts, while establishing a leadership practice in terms of accountability and transparency. The toolbox is also more accessible and prescriptive than some comparable resources and does not require users to be 'expert' in socio-economic issues.

While today there are a number of resources available to extractives and other companies designed to help them identify and address their socio-economic impacts, earlier this decade

far fewer resources and guidance were available. That Anglo American would create SEAT in 2002 is to be considered a significant accomplishment. In the absence of suitable existing resources appropriate to its requirements, Anglo chose instead to create the tools it needed. This was clearly a considerable investment and underscores the company's long-standing commitment to sustainable development.

SEAT aligns with Anglo American's own publicly stated commitments, industry standards to which it subscribes and broader norms and expectations: A core element of Anglo American's 'Good Citizenship' business principles includes a commitment to the communities where it operates that reads:

'We aim to promote strong relationships with, and enhance the capacities of, the communities of which we are a part. We will seek regular engagement about issues which may affect them. Our support for community projects will reflect the priorities of local people, sustainability and cost effectiveness. We will increasingly seek to assess the contribution our operations make to local social and economic development and to report upon it.'

'Haven't seen anything as structured, specific and targeted as SEAT.'

Sustainable Development Consultant, South Africa

'You can't always aggregate what companies are doing, their overall benefits as well as their negative impacts. SEAT allows Anglo to provide that evidence.'

Mining Trade Association Chief Executive, United Kingdom

The SEAT process aligns with the mining industry's commitments on social performance, embodied in the ICMM's 10 Principles for sustainable development performance.¹ These were adopted in 2003 by the CEOs of the organisation's member companies. Principle 9: 'Contribute to the social, economic and institutional development of the communities in which we operate' states:

- *Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.*
- *Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalised groups have equitable and culturally appropriate means of engagement.*
- *Contribute to community development from project development through closure in collaboration with host communities and their representatives.*
- *Encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education, local business development) are well designed and effectively delivered.*
- *Enhance social and economic development by seeking opportunities to address poverty.*

SEAT also aligns with the Equator Principles², a framework used by more than 50 financial institutions around the world to determine, assess and manage social and environmental risk in project financing.

¹ http://icmm.com/icmm_principles.php

² http://www.equator-principles.com/documents/Equator_Principles.pdf

‘It shows the village that we are taking [development] seriously and want to have a positive relationship with the community.’

Managing Director
Anglo Subsidiary, China

The Equator Principles are widely considered a de facto standard of social performance – during the lifespan of an extractives operation and not simply at the project exploration and development phases - even for companies that may not require project financing. Among the 10 principles, is ‘Principle 2: Social and Environmental Assessment,’ which states:

- *‘...the borrower [to have] conducted a Social and Environmental Assessment (‘Assessment’) process² to address, as appropriate and to the EPFI’s satisfaction, the relevant social and environmental impacts and risks of the proposed project.’ And*
- *‘The Assessment should also propose mitigation and management measures relevant and appropriate to the nature and scale of the proposed project.’*

We recognise SEAT does not replace the need for a Social Impact Assessment at new operations, and that it is one of several socio-economic tools Anglo employs during the (often extended) period of exploration as well as throughout the lifecycle of a mine once it becomes operational. In fact, one of its strengths is that SEAT encourages an ongoing and ‘real time’ assessment of socio-economic impacts at active, mature sites not simply when an operation is in planning or development.

Finally, SEAT supports Anglo American’s efforts to comply with country-specific requirements. In South Africa, for example, SEAT aligns with the provision for ‘Social and Labour Plans’ required of mining companies as mandated by the Mineral and Petroleum Resources Development Act, 2002. The objectives of the Social and Labour Plan are to:

‘If we had to do it without SEAT it would have been different. We would have missed something very important to stakeholders.’

Risk Manager
Anglo American, Namibia

- *Promote employment and advance the social and economic welfare of all South Africans;*
- *Contribute to the transformation of the mining industry; and*
- *Ensure that holders of mining or production rights contribute towards the socio-economic development of the areas in which they are operating as well as the areas from which the majority of the workforce is sourced.*

SEAT helps Anglo American to establish a more consistent, robust and formal approach to sustainable development across a diverse set of businesses, geographies, cultures and operating environments: SEAT provides an easy-to-follow, almost ‘prescriptive’ process for conducting the site-level evaluation. It features robust, formal documentation systems that foster consistency, comparability and continuity when community relations practitioners invariably transition into new functions. Institutional memory is especially critical since many of Anglo’s community investments now and in the future are likely to be multi-year commitments involving numerous partners. These may well extend beyond the tenure of the current community relations practitioners who initiated the programmes and possibly their successors.

More important, most implementers (including NGO implementation partners) report that they have developed new skills and capabilities through SEAT while reinforcing and formalising existing institutional capacities. As one community relations practitioner in South Africa proclaimed, *‘[SEAT] changed everything in the way [I] approach sustainable development.’*

‘SEAT represents a cultural change in how the company does things. It’s very positive.’

Chief Executive
Implementing Partner, Chile

According to several of the community relations practitioners we interviewed, they are able to more credibly substantiate community investment decisions with internal and external stakeholders. This is because SEAT has elevated the profile of socio-economic issues

within the company. Moreover, community relations practitioners believe that SEAT validates their function and the role they play externally on behalf of the company. In the words of a SEAT implementer in Chile, *‘Above all else, SEAT gives us support. It helps us to say yes or no, but with reason. If the community complains, we have support for our decision.’*

SEAT is an effective use of time and resource inputs: While most of the implementers interviewed by BSR emphasised that SEAT process required a considerable time and resource investment, overall they considered the skills and capacity gained through the process to be worth the investment.

When faced with competing priorities, however, early implementers often exceeded the suggested timeframe for completing the SEAT process by a significant margin. For instance, implementers are advised in guidance materials that implementation should be completed in approximately ‘8 weeks [of input] over three months.’ However, some implementers required between 6 months and, in one extreme example, 2 years to complete, although we do not believe these situations represent typical practice. Further, we understand that guidance on time management is now addressed at SEAT training workshops, where more than 100 personnel have already been trained on the second version of SEAT (in addition to the 250 trained in SEAT1).

‘The toolbox is effective; the challenge is in the implementation.’

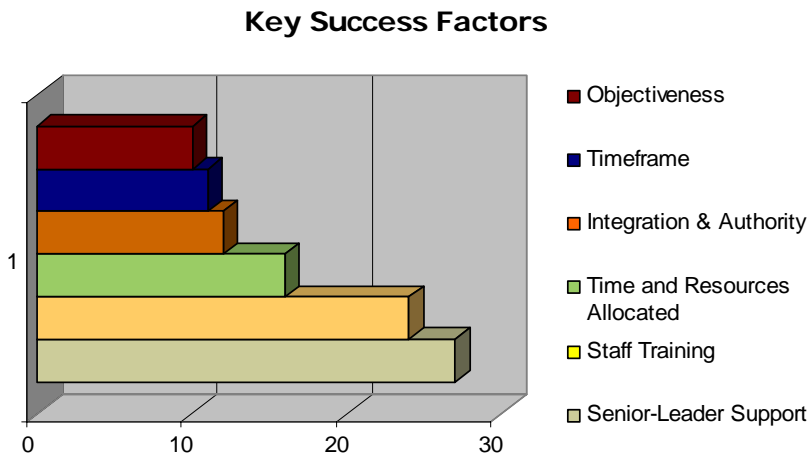
Head of Public and Corporate Affairs
Anglo American Subsidiary
South Africa

We recognise that the SEAT process requires significant resources, including senior leadership, to be conducted effectively, but believe that this is in fact an ‘efficient’ investment when weighed against the potential consequences of not managing the social issues that SEAT is designed to help sites address. Furthermore, we believe the suggested timeframe for implementation is adequate if it is prioritised and community relations practitioners are allocated sufficient time to conduct the process.

Sustained, demonstrated senior management support for SEAT is a critical contributing factor to successful implementation: Internal and external implementers agreed that sustained, demonstrated senior management support for SEAT is the most important contributing factor to successful implementation. For instance, community relations practitioners in South Africa reported that colleagues in other departments were

often reticent to share straight-forward data – such as taxes paid – that are required to complete the site profile. Other implementers echoed the importance of having senior-level support in order to secure the necessary cooperation of their colleagues and that, without it, conducting the SEAT process *‘would have been next to impossible.’* We note that at a business division level the implementation of SEAT has become a factor in a number of senior executives’ performance contracts.

Graphic 2 - What are the key factors that either limit or increase the effectiveness of SEAT implementation at the site level? Respondents indicated that key success factors supporting implementation included senior-level support, training and sufficient time and resources.



Implementers place tremendous value on training; other efforts to foster best practice sharing are still evolving: While not every implementer we interviewed had participated in training, those who had suggested it was a critical success factor. They valued the opportunity to learn from other implementers and to be exposed to shared learning, best practices and ‘real world’ experiences. At the same time, SEAT is considered by most implementers to sufficiently self-explanatory; therefore those who did not have formal training prior to conducting SEAT did not consider it an obstacle. That said, they articulated a desire to participate supplemental or advanced training. To date, Anglo has trained over 250 personnel on the first version of SEAT, a further 100 personnel on second version of SEAT, and continues to offer training at locations worldwide on a nearly monthly basis during the roll out of SEAT 2.

‘Internally, more people have recognized the importance of these issues.’

External Affairs Manager
Anglo American Subsidiary,
Chile

The capacity to identify and assess social and economic issues has improved, but management responses are often cautious or slow to be executed: Many sites have identified their key impacts and are executing programmes according to the management responses outlined in their individual SEAT reports. For example, at Anglo Coal’s Isibonelo colliery in South Africa, the operation has undertaken extensive efforts to restore wetlands outside its own property to offset the impacts of those on its own site (which will undergo future restoration once mining of those areas is finished). Through these efforts the operation

has become a credible expert and is now being asked to provide advice and counsel to farmers in the area who see the value in preserving wetlands on their own properties. Similarly, in Chile, a large enterprise development programme is being implemented with a local NGO as a result of the SEAT process. The initiative aims to benefit 6,000 small businesses through the provision of loans and other support by 2010.

At some sites, however, there appears to be a considerable time lapse between completion of the evaluation phase of the SEAT process and the design and execution of management responses phases – up to two years in one case seen in South Africa. One possible explanation for this is that community relations or sustainable development functions (including SEAT) are not yet sufficiently integrated into overall site management functions (such as budgeting) at some sites. Another explanation may be a lack of capacity.

More importantly, there sometimes appears to be reluctance to accept stakeholder issues at face value, particularly when the concerns are not believed to be grounded in fact (for example, allegations of environmental impacts that the site’s environmental staff are sure are not correct). Acknowledging the existence of such issues appears to be perceived at some sites as an admission of wrong-doing, rather than an opportunity to address stakeholder perceptions through further dialogue. Some of the implementers we interviewed regarded the engagement process cautiously and suggested that ‘it raises expectations’ or perhaps ‘creates liabilities’ for Anglo by implying responsibility or ownership or issues beyond those related its direct impacts, especially in instances where there is not a clear distinction between the role of government and of the company. That said most implementers appear to understand that they must treat stakeholder perceptions as realities.

‘SEAT evaluation has raised community expectations which is a concern.’

Community Relations Practitioner
Anglo American, Chile

This aversion to risk at some sites appears to play out in some SEAT reports (and in particular earlier reports), which we found to have management responses that are either worded vaguely or do not specify actions or timelines. We appreciate this is not the norm across the range of SEAT reports we reviewed, and attempting to address the full range of local development challenges found around Anglo’s many developing country mines would be a huge challenge for any organisation, let alone a single mine.

However, we would suggest that such well-intentioned efforts to avoid potential liabilities may in fact expose those sites to additional risk where issues are not acknowledged or addressed to the satisfaction of stakeholders.

Anglo American’s efforts to institute use of Key Social Performance Indicators (KPIs) to help measure its impact on sustainable development is consistent with best practice and stakeholder expectations: We believe that KPIs are crucial to setting meaningful and credible targets for social performance, as they enable companies and their stakeholders to

‘They are light years ahead of other companies.’

Mayor
Host Community, Chile

better understand how performance is managed at the site level or enterprise-wide.

While SEAT provides good guidance on the development and application of site-level KPIs, few sites appear to have developed a comprehensive suite of local

KPIs. This step appears to either be an obstacle for most implementers, or they have elected to employ other methods to gauge and report on their performance that still meets their stakeholders' expectations.

Good KPIs were reported in several SEAT reports BSR reviewed. However, these were often metrics related to economic impacts (e.g. taxes paid, local sourcing budgets or social investment spending). This information is undoubtedly helpful in conveying economic contributions to local government and business leaders, but it fails to convey the very substantial positive impact Anglo operations can have on their host community's economic and social well-being.

SEAT helps operations to seek closer alignment of their social investment plans with priorities identified by key external stakeholders: In South Africa, for example, where regional development is driven by municipal governments, the sites BSR visited seem to have established good working relationships with local officials and are focused on finding partnership opportunities. One of the Chilean mayors BSR interviewed concurred that Anglo develops social investment programmes based on community needs, while in his opinion another large enterprise in the region appears more interested in projects that directly benefit that company.

‘Overall trust is up and community prosperity is up.’
NGO representative
South Africa

Mine closure planning needs greater emphasis as part of long-term strategic planning: While several SEAT implementers made reference to and acknowledged the importance of existing mine closure plans, BSR found that few implementers had made the correlation between mine closure and stakeholder issues, and did not consider the implications in their managements' plans. The guidance tool on mining closure in SEAT was therefore largely overlooked. BSR found that planning for mine closure appears to be a one-time activity conducted when a site is still a 'green field' project or is preparing for expansion. Once completed, however, it does not appear to correlate sufficiently with day-to-day activities at the site-level. However, we understand that a more robust mine planning closure tool has been piloted at a number of sites in parallel and is ready to be introduced more broadly across Anglo American from late 2007.

Implementation of SEAT has had a positive impact on community perception: We believe Anglo American's reputation has improved in those communities where SEAT has been implemented and we would credit the company's efforts to engage stakeholders, whether or not stakeholders associate these efforts with SEAT or Anglo's annual Community Engagement Plan (CEP) process. Community members and local authorities we interviewed appear to appreciate their relationship with Anglo, and concur that the company's priorities for development align with their own. Furthermore

‘Anglo isn't the only company in the region, but it's the only one with a process for reaching out to the community.’

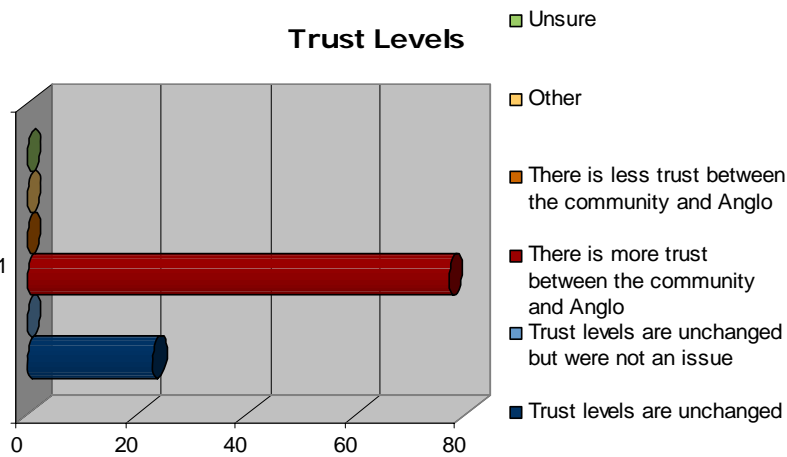
Mayor
Host Community, Chile

they often cite engagement as a practice that positively differentiates Anglo operations from its neighbouring enterprises, whether in mining or other industries. Often these companies

do not have a community relations practitioner embedded at the operations level and thus do not appear as proactive in their efforts or invested in the community.

The leader of a women’s group in Chile expressed her satisfaction with the SEAT process, ‘We have come to see the company in a different light. We feel relevant; we feel important.’ Another municipal added, ‘It’s still too early to tell, but so far the community has taken this

Graphic 3 - Since SEAT was implemented at this site how would the community describe its level of trust in Anglo American? A majority of external stakeholders interviewed suggested that trust levels between Anglo and its host communities have improved.



very well. They feel that finally Anglo has taken an interest in their basic needs and are very happy. Now, people are asking themselves, ‘What more can we do?’ Similarly in South Africa, a manager with a local municipality added ‘Anglo’s priorities align with the municipality’s priorities.’ In China, members of the community adjacent to the quarry operated by Anglo American’s Tarmac subsidiary were pleasantly surprised the company would seek their opinion on issues regarding their health or well-being, as they had no previous experience of company-community engagement.

There appears to be a strong correlation between active engagement and positive perception, while those who are not engaged directly may not have sufficient data points to assess Anglo’s social performance (either positively or negatively). Thus, sites’ ability to influence stakeholder perception appears to be a function of how they engage stakeholders, and of stakeholders’ opportunities to participate in the design and implementation stages of the SEAT process. Furthermore, perception is influenced by a wide variety of factors unique to the operating environment of each site and thus appears to vary from site to site, and country to country.

SEAT management responses appear aligned with sustainable development priorities, but may be too early to properly gauge long-term benefits: As many of the formal management responses are still at an early stage of implementation in South Africa and Chile, it was difficult for most stakeholders to identify how SEAT has enabled Anglo American to make a long-lasting contribution to sustainable community development. That said we believe there is considerable evidence that Anglo has achieved a marked shift from

‘This is a good tool for the company to make the change from being simply a company to being a participant in the community.’

President
Workers Union, Chile

‘philanthropy’ to ‘strategic social investment’ at the site level, and that many of the management responses now being implemented are better aligned to help achieve sustainable development objectives.

Community members generally expressed their satisfaction that the company had made the effort to include them in the planning process.

One local mayor in Chile compared Anglo American’s El Soldado mine to the previous owners, when it was called La Disputada, ‘We have to make a distinction between Anglo and La Disputada in their disposition to respond to these [community] issues. Very different. La Disputada was like an independent republic, all by itself. They only made donations. But Anglo is different. They work within a framework, they are participatory, and they have a vision for the future, for development, for collaboration.’

Recommendations

Based on the results of our evaluation, BSR has developed a set of recommendations that we believe would enable Anglo to more effectively implement SEAT in the future. From our interviews with company employees we believe that these will find broad acceptance among those responsible for SEAT implementation.

1. **Management Responses: Articulate greater specificity regarding action plans and deadlines to reinforce stakeholder trust and company credibility:** Second-round SEAT reports should develop management responses that more clearly address stakeholder issues or concerns, and should outline specific actions and deadlines. These should continue to cover both Anglo-related issues and selected broader development challenges in host communities, which Anglo should seek to address in partnership with public authorities, community groups and NGOs. This will considerably increase trust between the site and its stakeholders, reinforce credibility and reputation and contribute to ‘social licence.’

Incorporate specific checkpoints into management responses to monitor progress and ensure successful implementation; use as an opportunity to ‘trouble-shoot’ or make necessary course corrections if implemented recommendations are not having the desired effect. To ensure that accountability for social performance is as consistent as that for other high profile operational activities, such as production and safety, we recommend adopting similar formal milestones for reporting against progress on SEAT implementation, consistent with stakeholder expectations.

Finally, ensure stakeholder participation throughout the process and report against progress as frequently as stakeholders required (e.g. Anglo Coal’s New Demark colliery in South Africa recently published an update report to provide a status on progress against its management responses).

2. **Emphasise mine closure planning as a critical element of long-term strategic planning:** Anglo American shares our view that greater attention is required of this issue

and has already pilot-tested a new mine closure toolbox that will be rolled out this year, in conjunction with more robust guidance on closure in SEAT 2. We recommend this issue feature prominently in SEAT training workshops.

Also, we are strong proponents of local sourcing as a key component of sustainability initiatives. We therefore commend Anglo's efforts to seek closer alignment of corporate procurement and corporate sustainability policies to address this growing expectation (and leadership opportunity). A more deliberate and focused local procurement strategy at site level represents an investment in local capacity and skills, while potentially delivering cost reduction in the company's supply chain. At the same time we recognise that the timeframe and complexities related to such a programme vary greatly, based on the operating environment where they are implemented. Anglo's highly regarded Anglo Zimele enterprise development initiative in South Africa is a model that should be considered for further replication elsewhere (in addition to the new initiative in Chile).

3. **Continue to invest in capacity development for SEAT implementers:** SEAT implementers themselves offered a variety of recommendations that would contribute to capacity building that included:

- Seconding seasoned SEAT implementers to other operations to assist with the process and provide cross-training or peer-to-peer auditing of their process.
- Offering SEAT training in more locations and offering other venues where community development managers can acquire additional skills and learn directly from others who have already implemented SEAT³.
- Encouraging implementers to post information to, and take greater advantage of the existing resources on the company's internal portal (theSource) and web-based social 'community of practice'.

4. **Make SEAT 1 available in the public realm:** We applaud Anglo American's decision to make SEAT 1 available in the public domain. We recognise that the company has made a significant investment in creating SEAT, but believe that offering the method to others, especially smaller companies who lack the resources to invest in similar tools or approaches on their own, is a significant contribution to the field of sustainable development.

We would recommend Anglo American formally announce that existing English and Spanish versions of the toolkit are available on the SEAT section of its corporate website, while also sharing the toolkit with its implementation partners, including local and regional NGOs, governments and multi-lateral organisations. Further, we would hope that Anglo may be able to offer the toolkit in other languages.

Conclusion

It has become an expectation - and de facto requirement - of host communities, as well as prominent stakeholders such as governments, NGOs, multi-lateral organisations, project finance institutions and the media, for extractives companies operating in emerging

³ We understand from Anglo that the roll-out for SEAT 2 includes training in South Africa, Australia, Canada, Peru, Brazil and China.

economies to better align their efforts at the local operations level with local development needs, values and concerns. Many companies including Anglo American have shown a willingness to engage on this issue.

SEAT helps Anglo American's operations to achieve their social licence to operate consistent with the expectations of stakeholders and broader society. At the same time, we realise that while SEAT represents a relatively new approach to sustainable development, it is underpinned by Anglo American's decades of experience operating in and contributing to emerging economies throughout Africa, Eastern Europe and Latin and South America. The toolkit represents one of the most significant corporate investments we know of to equip personnel to better understand, plan, implement and account for the social and economic performance at the local operations level. Moreover, SEAT does not require implementers to be 'expert' in social or economic issues, and helps users to readily comprehend how and why social and economic issues are relevant, whether their operation is located in Australia or Zimbabwe.

We believe that the updated version of SEAT, which addresses many of the findings that emerged over the course of BSR's assessment, will continue to represent industry best practice. For instance, we are pleased that SEAT has become a mandatory process; a decision that more strongly reflects Anglo's commitment to managing the company's social and economic impacts at the local level.

At the same time, Anglo American is also poised to make a significant contribution to the field of sustainable development by sharing its method and key learning with others by making SEAT available in the public realm. We are pleased by the prospect that any company – whether it operates in the extractives sector or not – may apply these guidelines at its own operations in support of managing its relationships with stakeholders more effectively, which should help catalyse community development initiatives that are more closely aligned with local needs, values and concerns.

BSR would look forward to repeating this exercise in the future to measure the company's additional progress in achieving the aims and objectives of SEAT.

Appendix: Organizations Interviewed

<u>Anglo American Group Interviews</u> <i>(NB, in some cases several individuals were consulted within the Anglo teams listed below)</i>	
Anglo American plc	South Africa United Kingdom
Anglo Coal (Capcoal Management) Pty Ltd	Australia
Anglo Coal South Africa	South Africa
Anglo American Chagres Smelter Division	Chile
Anglo American El Soldado Division	Chile
Anglo American Chile	Chile
De Beers S.A.	South Africa
Skorpion Zinc, Anglo American Base Metals	Namibia
Anglo American Tarmac China	China
Anglo Coal Isibonelo Colliery	South Africa
Anglo Coal New Denmark Colliery	South Africa
<u>External Interviewees</u>	
Avina	Chile
The Bench Marks Foundation	South Africa
Casa de la Paz	Chile
'Dren Los Caleos' Farmers Water Association	Chile
Environmental Resources Management (ERM)	Brazil, China South Africa
Govan Mbeki Municipality	South Africa
International Council on Metals & Mining (ICMM)	United Kingdom
'Luis Cruz Martínez' Neighbourhood Association	Chile
LoveLife	South Africa
Mondi Business Paper Mkhondo Forestry	South Africa
Municipality of Catemu	Chile
Municipality of Llay Llay	Chile
Municipality of Nogales	Chile
Municipality of Panquehue	Chile
'Our Lady of Carmen' Neighbourhood Council	Chile
New Denmark Ladies Social Club	South Africa
San José Community Roundtable	Chile
Standerton Advertiser	South Africa

Standerdon Business Chamber	South Africa
Thuthukani Joint Forum	South Africa
University of Queensland - Sustainable Minerals Institute	Australia
The World Bank	United States

About Business for Social Responsibility (BSR)

Since 1992, Business for Social Responsibility (BSR) has been a leading provider of socially responsible business solutions to many of the world's leading corporations. Headquartered in San Francisco and with offices in Europe and China, BSR is a non-profit business association that serves its 250 member companies and other Global 1000 enterprises. Through advisory services, convenings and research, BSR works with corporations and concerned stakeholders of all types to create a more just and sustainable global economy. As a non-profit business association, BSR is uniquely positioned to promote cross-sector collaboration in ways that contribute to the advancement of corporate social responsibility and business success.

For more information, visit www.bsr.org.