

**ANGLO
AMERICAN**

Toolbox

S·E·A·T

Socio-Economic Assessment Toolbox

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INTRODUCTION

The Anglo American Socio-Economic Assessment Toolbox (SEAT) is intended to help operations to benchmark and improve the management of their local social and economic impacts. The SEAT process enables operations to take a more strategic view of their interactions in relation to, for example, local employment; reducing the exclusion of disadvantaged groups; training; procurement and community social investment. The benefits of undertaking a SEAT process include:

- enabling a more strategic approach to managing socio-economic impacts and the generation of data to show the local development opportunities created by each operation so as to rebuff critics;
- supporting operations in undertaking partnerships with governmental authorities and non-governmental organisations to raise the life chances of people in the communities associated with our operations in tackling problems like HIV/AIDS;
- helping to make a reality of Anglo American's corporate objective of balancing the depletion of natural resources with the enhancement of local social and human capital;
- facilitating the development of the social dimension of long-term closure planning; and
- creating key performance indicators for local and corporate reporting.

The SEAT process is aimed at mature operations. It is intended to be flexible and to be capable of implementation using internal resources augmented, as necessary, by local consultants or academic support.

SEAT has been developed using external expertise and best practice from within Anglo American. It has been piloted in three very different business units and geographies.

It is not mandatory but represents 'best practice'.

Not all tools will be relevant to all contexts, and SEAT profiles can be produced through the careful selection of relevant and appropriate tools.

Stakeholder engagement is a vital part of the SEAT process and as such features in many of the tools that have been developed. These tools have been designed to work independently of each other and as a result distinct stakeholder engagement activities have been developed for the majority of tools. In reality, when a comprehensive assessment is being pursued, stakeholder engagement activities from many of these different tools can effectively be merged. How this is best done is a matter best left to local discretion so as to ensure an efficient process for the operation and to avoid stakeholder fatigue.

If you have questions please pursue these with your divisional managers for community or sustainable development issues, or at a corporate level with Edward Bickham (ebickham@angloamerican.co.uk).

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STAGE 1

**Profile the
Anglo American
Operation and
Associated
Communities &
Identify Key Issues**

STEP A: PROFILE THE ANGLO AMERICAN OPERATION

1 TOOL A1: PROFORMA OPERATION PROFILE

1.1 OBJECTIVES OF THE TOOL

The objective of this tool is to provide a standardised format in which key information about the operation can be reported. The information is either used later in the assessment, or is needed as a key performance indicator.

1. Company details	
Anglo American division:	<input type="text"/>
Company name:	<input type="text"/>
Company location:	<input type="text"/>
Name and position of author:	<input type="text"/>
Contact details:	Tel: <input type="text"/> Email: <input type="text"/>
Related local Anglo facilities (eg those that process the operation's outputs or supply inputs):	
<input type="text"/>	

2. Basic information about the company's operations

Date this operation was established:

Planned closure date, if applicable (if phased, please give details):

What is produced at this operation?	Product:	Output (tonnes/year):
1.	<input type="text"/>	<input type="text"/>
2.	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>

Turnover at this operation (US\$/year):

Number of employees at the operation (full time equivalent):

Total wages paid (US\$/year):

Total pension payments (to public or private schemes, US\$/year):

Number of contractor employees (full time equivalent):

Total number in community dependent upon Anglo for their livelihoods (the financial or subsistence means whereby people secure a living):

(calculate as total no. employees (Anglo plus contractors) x average family size x average proportion of family income derived from Anglo)

Budget for community social investment (US\$/year):

3. How do you see the operation developing in the future?

	In 5 years	In 10 years	In 20 years
Output (tonnes)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Employment – Anglo employees	<input type="text"/>	<input type="text"/>	<input type="text"/>
Employment – contractor employees	<input type="text"/>	<input type="text"/>	<input type="text"/>

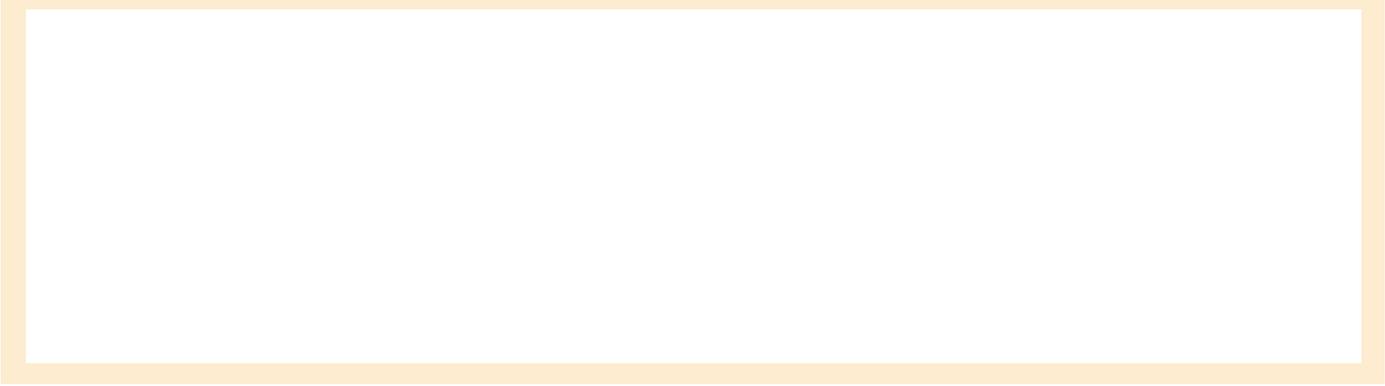
4. What main supplies are purchased from the local community?

Item	Approximate Value (US\$/year)	Where Purchased From? (Company and Location)
i. (specify)		
ii. (specify)		
iii. (specify)		
iv. (specify)		
v. (specify)		
etc		

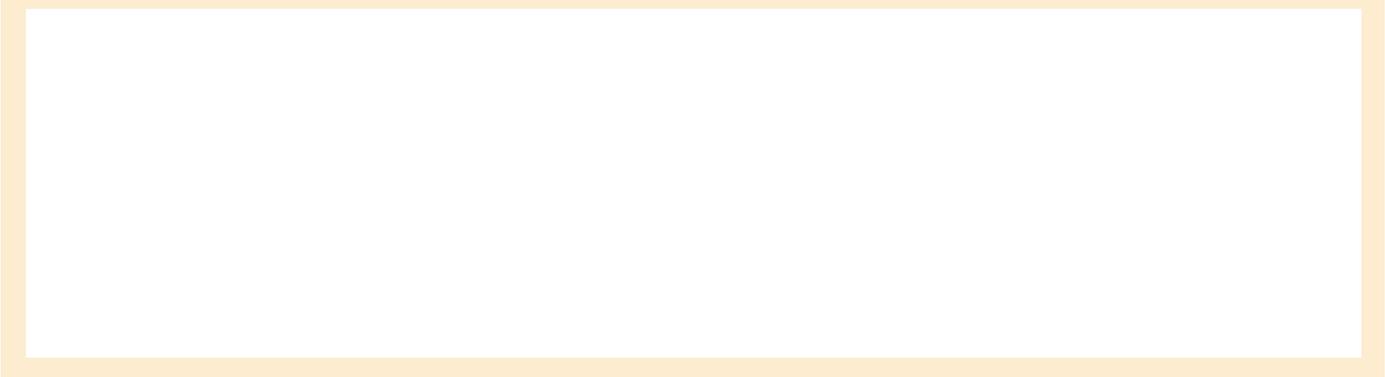
5. What proportion of workers is recruited from the local community and the country?

	Total Number	Percent Local	Percent National	Percent Expatriate
Senior management/ professionals/ scientists:				
Middle management/tradesmen, administration/ technicians/ skilled manual workers:				
Junior administration, unskilled manual workers:				
Contractors:				

6. Please provide details of planned capital expenditure, including value.



7. Please note other issues that may be of particular relevance to social and economic impacts (eg high-impact production processes, plans for significant change, such as contractorisation).



STEP B. PROFILE THE COMMUNITY AND ENGAGE WITH STAKEHOLDERS TO IDENTIFY KEY ISSUES

TOOL B1: STAKEHOLDER IDENTIFICATION AND GAP ANALYSIS

B1.1 OBJECTIVES

The objective of this tool is to undertake a preliminary overview of the stakeholders associated with the operation. The tool:

- provides a checklist of groups of stakeholders to be included in consultation;
- assists in preparing an overview of stakeholders already being consulted;
- allows a comparison between the two lists; and
- provides a mechanism for ensuring representative involvement of stakeholders from associated communities.

The information gathered in this tool, and others in *Step B*, will feed directly into the operation's Community Engagement Plan (CEP) - specifically, those aspects of the Plan that require: (a) an identification of stakeholder groups and the structures through which they are engaged and consulted (*Tool B1*); and (b) the identification and analysis of stakeholder issues and their associated business risks (*Tools B4 and B6*).

B1.2 WHEN TO USE THE TOOL

The tool should be used at the beginning of the assessment. A staff member who is familiar with consultation activities at the site should fill in the table. The length of the table should be adapted to fit the number of stakeholders.

Box B1.1 Key Principles for Successful Consultation

Consultation with stakeholders brings a wide range of benefits (eg securing the support of stakeholders and thus protecting the operation's licence to operate, receiving input on the impacts of the operation, and thus an opportunity to improve performance etc). However, if consultation is poorly managed, it has the potential to undermine community relations, and result in tension. To prevent this, there are a number of key principles/actions that should be applied. These include the following:

- Ensure that the Anglo staff who are managing the consultation process have facilitation, communication and conflict resolution skills.
- Be very clear on the role and scope of Anglo's consultation activities (What can stakeholders realistically expect from the process? What are Anglo's objectives for consultation?). Do not make commitments that the operation cannot deliver on. This is essential in managing stakeholder expectations.
- Ensure that all Anglo staff present a consistent message. It may help to develop a list of frequently asked questions which can be distributed to all staff involved with stakeholders.
- Ensure that the consultation process is culturally appropriate.
- Ensure that there is involvement of a representative group of stakeholders – omitting certain sections of a community can result in tension within a community and towards Anglo.
- Establish a system for feeding back and following up on issues raised during consultation.
- Ensure that stakeholders are provided with a key point of contact, and that the system for reporting issues can be used by all stakeholders (eg do not use a web-based system if some of the operation's stakeholders do not have access to the internet, or rely on written submissions or telephone contact when some local residents are illiterate or do not have access to a telephone).

B1.3 TOOL B1

B1.3.1 Stage 1 – Selecting Stakeholders for Consultation

The following guide should be used when selecting the operation’s stakeholders:

- **Affected parties:** stakeholders who are affected by the operation, both positively and negatively. Within this category, it is possible to distinguish between those that are directly affected (first priority group) and indirectly affected (second priority group) by the operation. Affected stakeholders may include both those who are geographically close to the operation, and those who are impacted by transport routes, further away from the operation.
- **Interested parties:** stakeholders who, although not affected by the operation, have an interest in, or influence over, the operation. The selection should include stakeholders that: (a) have knowledge about the impact of the operation; (b) are partnering with Anglo to address the impacts of the operation; (c) have instigated their own initiatives to address impacts associated with the operation; (d) are part of the broader community (whether local, regional, national, international) and have expressed an interest in, concern with, or influence over the operation.
- **Authorities:** authorities can be divided into a number of sub-categories such as national, provincial and district/local. In some locations (eg tribal areas) it may be appropriate to distinguish between modern and traditional forms of administration. The selection should include stakeholders that: (a) have knowledge about the impact of the operation; (b) are partnering with Anglo to address the impacts of the operation; (c) have instigated their own initiatives to address impacts associated with the operation; (d) control the licence to operate or required permits; (e) are responsible for issues relating to social and economic development, infrastructure and service provision, town planning and local finance.

Please note that these categories are intended as a guideline only. Each operation should decide how best to group its stakeholders and ensure that they are representative.

Table B1.1 provides examples of stakeholders within each of the above categories.

B1.3.2 Stage 2 – Disaggregating Communities

It is important that the stakeholders involved in the assessment are representative of the full range of affected people within a community. It is easy to hear only the opinions of the most sympathetic, organised, vocal or powerful members of a community. Consulting with minority groups, such as indigenous communities or those who are less vocal or powerful, can ensure that the conclusions reached by the assessment and the resulting mitigation measures are more representative of a community’s needs and concerns. In some traditional societies, it can also be important to consult women separately from men.

Table B1.2 will help to identify groups who may be differentially affected or have different views about the operation. In this way those members of the communities who are potentially more vulnerable to changes brought about by the project can be identified and their concerns considered.

Table B1.2 can be completed by using the general “comments” column and/or by filling out the detail contained in all columns. The detailed columns have been provided primarily for use in a situation where a more in-depth understanding of an affected community is necessary.

B1.3.3 Stage 3 – Stakeholder Gap Analysis

Using the information in *Table B1.1* and *Table B1.2* the operation can complete the stakeholder gap analysis in *Table B1.3*. Once completed this table should provide a clear overview of all of the operation’s stakeholders, the key characteristics and issues for these stakeholders and an indication of the extent to which the operation has consulted or communicated with them in the past.

Tool C1 (identifying Anglo activities that result in social and economic impacts) is primarily designed to be used after the consultation process is completed (*Stage 2*). However, it can also be used at the outset of the assessment, prior to consultation. This will allow for a comparison of initial perceptions of issues /impacts (as perceived by Anglo staff) versus the findings that are generated during external consultation.

Table B1.1 Examples of Stakeholders Within Each Category

Stakeholder Category	Represented By (examples)	Applicable to Your Operation (Y/N)
Affected parties *		
Neighbouring communities	Community leaders, community development groups – see also below	
Tenant communities	Individuals, representative committee	
Resident workforce	Individuals, representative committee	
Employees and contractors	Managers, contractors including suppliers, permanent and temporary employees	
Employees' families	Spouses, children	
Non neighbouring communities who are impacted upon by the operation (eg by dust, noise, visual, traffic)	Communities on transport routes, located near ports	
Communities on transport routes	As with neighbouring communities (see above)	
Others relevant to the operation?		
Interested parties		
Welfare and service organisations and groups	Tertiary and vocational education and training institutions, health authorities, authorities for family services	
Non-Governmental Organisations (international, national and local)	Local environmental and health service groups, AIDS awareness groups	
Community Based Organisations	Health support groups, recreational and sporting groups, women's and children's groups, youth groups, community development groups	
Local businesses and associations (including suppliers)	Tourism Association, Farmers Associations, Chambers of Commerce	
Religious groups	Priests, lay preachers, spiritual leaders, and associated support groups	
Indigenous groups	Traditional chiefs, land title groups, traditional groups with affiliation to the area	
Political groups and local/state representatives	Political parties, elected representatives of local and state authorities	
Employee Representative Groups	Trade Unions	
Others relevant to the operation?		

Stakeholder Category	Represented By (examples)	Applicable to Your Operation (Y/N)
Authorities		
National level	Departments of environment, infrastructure, health, welfare, family services, trade and industry	
Provincial level	Local councils, provincial or district offices (see above departments)	
District/local level	Local councils, regional governments	
Traditional authorities	Councils of elders, family heads, community leaders	
Others relevant to the operation?	Councils of elders, family heads, community leaders	
<p>Notes: *There may be more than one neighbouring or tenant community. Similarly the operation may be based at a number of different locations. The operation should consider all parts of the operation and ensure that all relevant stakeholder groups are identified</p> <p>** After completion of the SEAT process, the framework provided in this Tool can be used to track ongoing consultation</p>		

Table B1.2 Disaggregating Communities: Identifying Different Groups within a Community

Stakeholder Category	Comments	Gender	
		Male	Female
Access to decision making			
Recognised decision-makers			
No access to formal decision making process			
Company benefits			
Existing beneficiary of company programmes			
Not currently beneficiary of company programmes			
Representation			
Interests adequately represented by local organisation (e.g. government authority, community based organisation)			
No representation by local organisation			
Employment status			
Employed			
Underemployed & unemployed**			
Subsistence based			
Employed directly by Company			
Employed by Anglo's contractors			
Access to land			
Land-owner			
Tenant			
No access to land			
Access to infrastructure & services			
No access to formal services & infrastructure			
Limited access to formal services & infrastructure			
Full access to formal services & infrastructure			

Table B1.2 Disaggregating Communities: Identifying Different Groups within a Community cont.

Stakeholder Category	Comments	Gender	
		Male	Female
Level of education			
Literate			
- Primary level education			
- Secondary level education			
- Apprenticeship/Traineeship			
- Tertiary education			
Location			
Rural			
Urban			
Household structure			
Both parents in household unit			
Single parent families			
No parents in household unit			
One parent living away from home			
Single person			
Income level ***			
Low income			
Middle income			
High income			
Notes:			
* Anglo staff to provide relevant categories, based on local conditions.			
** Underemployed & unemployed defined as those with work but seeking additional work and those without work, respectively.			
*** Anglo staff to provide relevant categories, based on local conditions.			

Communication History						Issue Response	
Stakeholder currently being consulted? (Y/N)	Key point of contact and contact details	Date of most recent communication	Regularity of communication	Nature of communication	Concerns raised most recently	Manner in which issue was addressed	Stakeholder response

TOOL B2: BUILDING A BASIC COMMUNITY PROFILE

B2.1 OBJECTIVES

The objective of this tool is to assist in building an understanding of the communities potentially affected by the operation. The baseline information gathered with this tool also contributes to: (a) creating a benchmark for determining future impacts on the community; and (b) providing information that can be used to inform the Community Engagement Plan and community investment strategies.

B2.2 WHEN TO USE THE TOOL

Developing a community profile is a useful exercise to undertake prior to consultation, as it will provide the operation with the necessary understanding and context for the design of a consultation process. However, some of the information may be most easily gathered *during* the consultation process.

B2.3 TOOL B2

Table B2.1 identifies baseline data that is required to build up a basic knowledge of neighbours and the broader community in the vicinity of the Anglo operation. Although the emphasis is on neighbouring communities, this should be extended (where relevant) to include communities which, although further away from the operation, are also impacted upon (eg by transport routes, noise, visual etc).

This information can help inform the Community Engagement Plan and community investment strategies. Further detailed questions are provided in Tool B5. These questions focus on key areas of impact and can be used if they are of relevance to the site. They include:

- demographic change (including immigration);
- community power structures;
- ethnic and gender relationships;
- health;
- quality and availability of natural resources;
- crime and disorder;
- capacity and quality of infrastructure and services;
- safety hazards;
- environmental and social nuisance factors;
- relationships between employees and other stakeholders; and
- economic development and change.

Table B2.1 Building a Basic Community Profile

Geographic Context	
Neighbouring Settlement/s	
Settlement/s name	<input type="text"/>
Size of settlement/s (total population)	<input type="text"/>
Distance to the Anglo operation	<input type="text"/>
Neighbouring Properties	
Properties directly adjacent to the operation/ property	Number: <input type="text"/>
Owners <input type="text"/>	Names: i) <input type="text"/>
	ii) <input type="text"/>
	iii) <input type="text"/>
	iv) <input type="text"/>
	v) <input type="text"/>
Key activities/ types of land use on these properties	<input type="text"/>
<input type="text"/>	
<input type="text"/>	

Historical Context

Age of settlement

History of the settlement in relation to Anglo operation

(eg was the settlement established to provide accommodation for the Anglo operation or does it pre-date the Anglo operation)

Describe if and how the Anglo operation has shaped the development of the settlement

Community Characteristics

Gender ratios (% of total)

Male

Female

	<input type="text"/>	<input type="text"/>
--	----------------------	----------------------

Age ratios (% of total)

0-15

	<input type="text"/>	<input type="text"/>
--	----------------------	----------------------

Note: The age categories provided are intended as a guide. The user should adopt the age categories that are used in their national census.

16-29

	<input type="text"/>	<input type="text"/>
--	----------------------	----------------------

30-49

	<input type="text"/>	<input type="text"/>
--	----------------------	----------------------

50-69

	<input type="text"/>	<input type="text"/>
--	----------------------	----------------------

70+

	<input type="text"/>	<input type="text"/>
--	----------------------	----------------------

Describe the age structure of the population (e.g. ageing/ normal distribution/ young)

Community Characteristics cont.

Main Religions

Religion	%

Main Ethnic Groups (if relevant)

Ethnic Group	%

Main characteristics of disadvantaged groups (disadvantaged groups are those who, due to their gender, religion, race, politics, education levels, access to decision-making structures etc may not be able to share in the potential benefits of projects and economic or social development. Consideration of indigenous or tribal groups is particularly important.)

Social and Economic Infrastructure

Health Infrastructure

Type and Number	Capacity and Quality

Educational Infrastructure

Social and Economic Infrastructure cont.

Utilities

Type and Number

Capacity and Quality

Transport infrastructure

To what extent is Anglo involved in the provision of infrastructure and services in the settlement/s?

What are the main needs within the settlement/s?

Livelihoods

Main economic sectors in the local area (e.g. mining, forestry, agriculture, industrial development, tourism, service industry)

Sector

Form of Livelihood

Livelihoods cont.

Forms of livelihood earned locally
(eg subsistence; informal activities;
short term wage labour; long term
contracts; salaries)

Form of Livelihood

%

Form of Livelihood	%

Description of the local standard of living (please indicate how it is measured e.g. access to land, monthly income, subsistence activities etc)

Average income level (please identify units, periods and how calculated, specifically if it includes subsistence income)

Description of wealth distribution (i.e. even distribution, skewed, highly skewed etc)

Main sectors of businesses that exist in the town and employment totals per business sector

Livelihoods cont.

Skills availability and skills gaps

Available Skills

Skills gaps

What are the estimated employment levels?

Employment (%)

Unemployment (%)

Underemployment (%)

How have local employment trends changed over the past 5 years?

Stakeholders

Tool B1 will help to identify regulatory authorities, local interest groups and other stakeholder representatives.

TOOL B3: OVERVIEW OF POTENTIAL ISSUES AND POSSIBLE CAUSES

B3.1 OBJECTIVES

The objective of this tool is to provide an overview of potential issues (positive and negative) associated with an Anglo operation. Given Anglo's diverse range of operations, the range of issues applicable to operations will vary. The objective of this tool is to make sure that the full range of issues is considered and examples of each issue are provided.

B3.2 WHEN TO USE THE TOOL

This tool should be used prior to the consultation process, in order better to identify issues of concern and impacts associated with the operation.

B3.3 TOOL B3

Given that the range of impacts will vary for each operation, the tool is best used to raise awareness regarding the potential issues associated with your operation. Prior to the consultation process, the user should review the list and consider the kinds of issues that are relevant or might need to be added.

Table B3.1 List of Potential Impacts and their Causes

Issues	List of Potential Impacts	Possible Causes	Applicable to your operation
Demographic Change	In and Out-Migration	<p>The existence of a large-scale operation can result in significant levels of in-migration. This is most common in areas where employment opportunities are low and the existence of the operation is seen as a significant source of potential employment. In-migration has a number of potential impacts, for example:</p> <ul style="list-style-type: none"> • increased pressure on local services and infrastructure; • increased pressure on natural resources; • conflict over decreased resources; • increased incidence of STDs and HIV/AIDS; • altered power relations; and • breakdown of traditional values. <p>Out-migration can occur in other locations where shift patterns support systems whereby an employee may house his/her family in a location remote from the operation and drive-in/drive-out or fly-in/fly-out to work for each shift. This can have the effect of reducing the population of small and remote communities.</p>	
	Impacts on kinship ties and community relationships	<p>The potential exists for kinship ties or relationships to be affected by the project. This can occur because:</p> <ul style="list-style-type: none"> • people are resettled; • inward migration causing conflict between different kinship groups; and • altered socio-economic status causing conflict between community or family groups; 	
	Impacts on disadvantaged groups	<p>There are groups within all communities who may be disadvantaged due to age, gender, education level, religion, ethnicity or cultural reasons. The project may increase or decrease this due to:</p> <ul style="list-style-type: none"> • inequitable employment opportunities; • lack of consultation with vulnerable members of the population; and • lack of recognition of barriers to Anglo benefits (eg employment) and decision-making structures for women, illiterate people, the poor. <p>These issues may cause scrutiny by international NGO's and potentially damage Anglo's reputation if they are not handled well.</p>	

Issues	List of Potential Impacts	Possible Causes	Applicable to your operation
	Resettlement of local populations	There may be a requirement for the relocation of local populations to provide for the construction of new projects or expansion of existing projects. This is a high impact activity and there is a World Bank Guideline for Involuntary Resettlement (www.worldbank.org/guidelines and www.ifc.org). Resettlement has the potential to create a range of social, environmental and economic impacts and is a major focus for NGO's and international finance institutions.	
	Disruption to existing power relations and decision making structures	In all societies or communities there is a differential distribution of power and authority. The distribution of this power can depend on financial and political status, caste, clan, age, gender, etc. In every society, there are many elaborate social rules (explicit and implicit) that have developed in order to maintain power relations. In some instances, these power relations maintain a status quo that disadvantages the majority. In other instances, these power relations play a key role in maintaining stability and order, to the advantage of the majority. Big developments, and the socio-cultural changes that they bring, can result in significant changes to existing power relations. Non-traditional formal education, new economic opportunities and local employment at the operation (for example) can result in local people gaining a higher status in society, thus disrupting existing power relations. Similarly, an influx of outsiders who do not respect or align themselves with existing power structures will also shift the balance of power. These shifts in power can have both positive and negative implications.	
Change in Health Status	Improved health awareness	As part of general SHE procedures, the operation may conduct health training among its workforce. This includes training in basic health care and sanitation, as well as STDs and HIV/AIDS. Where the workforce is local, this information will be fed back into the local community. Alternatively, the operation may choose to broaden its official health awareness training to include neighbouring or associated communities	
	Deterioration in health status	<p>A deterioration in health can be caused by a number of factors, for example:</p> <ul style="list-style-type: none"> • in-migration, resulting in increased pressure on health services; • increased incidence of STDs and HIV/AIDS due to influx of job-seekers and creation of market for prostitution; • decreased access to traditional sources of livelihood, resulting in poverty and deterioration in standards of living; • health risks associated with air pollution and dust; and • health risks associated with ground or surface water contamination. 	

Issues	List of Potential Impacts	Possible Causes	Applicable to your operation
	Capacity of Local Health Providers	Understanding the capacity of local health providers provides an indication of the level of health within a community, and will aid decisions on how Anglo should manage health impacts. If the capacity of local health providers is poor, then the operation cannot allocate them additional responsibilities in the management plans.	
Quality or Availability of Natural Resources	Decreased access to natural resources	Any operation that requires tracts of land for its facilities or natural resources for its activities could potentially result in decreased levels of livelihood among its neighbouring or downstream communities. In some instances, local communities will be impacted in spite of the fact that the resources have been formally purchased by Anglo (e.g. land) or the relevant permits acquired (e.g. water extraction).	
	Formalising land titles	Clarifying land tenure status allows owners to use their land as collateral against which they can loan money to invest in improving their future livelihood. It also helps to prevent future conflicts arising over land rights. Such clarification of land titles may be required for expropriation purposes (e.g. when an operation is expanding).	
	Damage to heritage, spiritual or cultural resources	Damage to sites of cultural, historical or archaeological importance can be caused by a number of factors, including damage during construction or expansion activities; increased access to previously isolated sites; and increased traffic levels and associated dust levels and vibrations. Projects can also enhance preservation and restoration of sites and can improve understanding of these sites.	
	Decreased quality or availability of natural resources	Decreased quality of natural resources can be caused by a number of factors, for example: poor rehabilitation of land; over exploitation of soils; water contamination (ground, surface and marine); excessive water use; and loss of biodiversity due to excessive clearing of land. There are many communities which rely on natural resources for their livelihood and thus can be significantly affected. For example, fishing communities are reliant on marine water quality.	
Crime and Disorder	Increase in crime and disorder	Increased crime and disorder can be brought about by a number of factors, for example poor relations with the Anglo operation, and resultant acts of sabotage; breakdown of traditional values and lack of respect for authority; secondary impacts as a consequence of increased poverty and decreased access to sources of livelihood, in-migration into the local area etc.	
Capacity and Quality of Infrastructure and Services	Provision of infrastructure and services	Installation of services needed by the operation, and extended to meet local needs. Examples include: electricity, water supply, sewerage treatment, telecommunications, waste management, road upgrades.	

Issues	List of Potential Impacts	Possible Causes	Applicable to your operation
	Decreased capacity of infrastructure and services	Infrastructure and services can be impacted upon by a number of factors, for example in-migration (as a result of the operation) and increased pressure on existing resources for the day-to-day functioning of the operation (eg water and electricity use); and impact of heavy traffic on local roads.	
Safety	Safety hazards	Employees may potentially be vulnerable to a number of safety hazards within an operation. These are most commonly managed through formalised Health and Safety procedures. There are, however, also safety risks to neighbouring communities (eg increased road traffic).	
Environmental and Social Nuisance Factors	Impacts on local amenities	<p>The potential exists for tensions to develop between employees and local residents. This tension can be caused by a number of factors, including:</p> <ul style="list-style-type: none"> • socio-cultural disturbances; • damage to land and property; • market created for prostitution; • higher standards of living enjoyed by employees; and • spread of communicable diseases. <p>These tensions can undermine local support for Anglo operations.</p>	
Economic Development and Change	Local price inflation	<p>Local price inflation could be caused by Anglo operations by:</p> <ul style="list-style-type: none"> • raising demand for good and services beyond the ability of local suppliers to provide them; • allowing the Anglo operation to pay prices in excess of existing levels (for example because existing benchmarks or standard contracts relate to a more expensive part of the country); • use of scarce natural resources (eg land or water) that are needed to sustain the volume of local production (eg in agriculture or aquaculture); and • bringing higher paid workers to the area who have superior buying power (eg for houses). 	
	Direct employment	<p>Direct employment is that with Anglo group companies. The principal causes include:</p> <ul style="list-style-type: none"> • construction activity; • general administration and maintenance; • operational activities; • environmental remediation; and • decommissioning work / site closure preparation. 	

Issues	List of Potential Impacts	Possible Causes	Applicable to your operation
	Indirect employment	<p>Indirect employment is caused by two key factors</p> <ol style="list-style-type: none"> 1. Contracting out: <ul style="list-style-type: none"> • non-core functions (eg payroll); • operational activities (eg trucking); and • construction. 2. External purchases: <ul style="list-style-type: none"> • administrative supplies; • raw materials; and • operational consumables. 	
	Enhanced local work experience, skills and employability	<p>The presence of a responsible company will enhance the attractiveness of employees through:</p> <ul style="list-style-type: none"> • work experience; • employee training and skills development; and • education and training support provided by Anglo operations. 	

TOOL B4: GUIDANCE ON POTENTIAL APPROACHES TO CONSULTATION

B4.1 OBJECTIVES

The objective of this tool is two-fold:

- to provide guidance on consultation techniques that are appropriate for use in the SEAT process; and
- to provide guidance on the ‘line of logic’ to follow when exploring potential issues and impacts.

B4.2 WHEN TO USE THE TOOL

The tool is designed to be used prior to the commencement of consultation but after *Tools B1- B3* have been completed. This will ensure that the operation has a comprehensive understanding of relevant stakeholders and communities and can design the consultation process to suit the needs and requirements of the various groups.

B4.3 TOOL B4

Table B4.1 is a matrix of consultation techniques with guidance on the most appropriate use of each technique.

Table B4.2 entitled “Generic Questions To Ask During Consultation” should be used as a set of prompt questions when exploring issues with stakeholders. The questions develop a ‘line of logic’ that can be followed when investigating issues.

The second set of questions entitled “Exploring Further Issues” provides prompt questions for three other topics that could usefully be explored during consultation, namely: (a) consultation and communication; (b) community social investment; and (c) community needs. Answers to these questions will provide important information for other tools, as well as provide general feedback on performance. They are not considered to be generic questions and are thus presented separately.

Table B4.1 Matrix of Consultation Techniques

Technique	Most Appropriate Application	Main Advantages and Disadvantages
Personal interviews	When the operation is seeking to: <ul style="list-style-type: none"> • Identify issues specific to each stakeholder • Provide opportunities for stakeholders to speak confidentially • Build relationships with individual stakeholders 	<i>Advantages</i> <ul style="list-style-type: none"> • Demonstrates commitment on part of the company • Provides an opportunity to build a relationship • Provides detailed data through two-way communication <i>Disadvantages</i> <ul style="list-style-type: none"> • Time and resource intensive • No opportunity to test attitudes and assertions independently • Individuals may not necessarily be representative of a stakeholder group as a whole
Workshops	When the operation is seeking to: <ul style="list-style-type: none"> • Form relationships with and between high level stakeholders and experts • Involve stakeholders in brainstorming, developing a strategic approach or to resolve an issue/s • Communicating aspects of the SEAT process or issues management to stakeholders and employees • Analyse impacts • Prioritising / rank issues and potential solutions 	<i>Advantages</i> <ul style="list-style-type: none"> • Demonstrates commitment on part of the company • Provides an opportunity to build a network of relationships • Allows issues to be verified, tested and solutions developed • Increases ownership by participants <i>Disadvantages</i> <ul style="list-style-type: none"> • Participation is limited to a relatively small number of stakeholders • Individuals may not necessarily be representative of a stakeholder group as a whole • Need to provide sufficient information such that participants can provide informed views
Focus Groups / Forums	When the operation is seeking to: <ul style="list-style-type: none"> • Identify stakeholder views on a specific issue • Discuss the views of a common interest stakeholder group • Gather baseline data • Support, pilot, test, or gain feedback on the outputs of other methods (e.g. surveys, interviews) • Determine stakeholder responses to proposed mitigation / social investment strategies • Monitor and evaluate the social performance of an operation 	<i>Advantages</i> <ul style="list-style-type: none"> • Demonstrates commitment on part of the Company • Provides an opportunity to build a network of relationships • Allows issues to be verified, tested and solutions developed • Increases ownership by participants <i>Disadvantages</i> <ul style="list-style-type: none"> • Participation is limited to a relatively small number of stakeholders • Individuals may not necessarily be representative of a stakeholder group or a community as a whole • Need to provide sufficient information such that participants can provide informed views

Technique	Most Appropriate Application	Main Advantages and Disadvantages
Public or “Town Hall” Meetings	When the operation is seeking to: <ul style="list-style-type: none"> • Reach large audiences in particular communities quickly • Present information and seek feedback from stakeholders • Ensure that everyone gets a chance to provide comment / criticism / feedback 	<p><i>Advantages</i></p> <ul style="list-style-type: none"> • Relatively inexpensive and quick • Allows you to reach a large number of people simultaneously • Demonstrates willingness to be open • Provides communities with opportunity to speak directly to company representatives <p><i>Disadvantages</i></p> <ul style="list-style-type: none"> • There is a risk that vocal but unrepresentative groups may “hijack” the meeting • Some communities, or groups within them, may not be comfortable speaking in such a public forum • Limited opportunity to explore issues of particular stakeholders in detail • Can be difficult to facilitate if the issue/s under discussion is controversial or highly emotive
Surveys	When the operation is seeking to: <ul style="list-style-type: none"> • Identify stakeholder issues and assess community needs • Obtain an objective overview of a group of stakeholders to a particular issue or potential impact • Develop mitigation / social investment strategies • Gather data for the evaluation of social performance indicators • Monitor social and economic impacts and performance using repeat surveys 	<p><i>Advantages</i></p> <ul style="list-style-type: none"> • Provides detailed data on specific issues • Assuming an appropriate sample is gathered, provides a good insight to the extent an issue/s is significant within a community • Widely known and acceptable, particularly in developed countries <p><i>Disadvantages</i></p> <ul style="list-style-type: none"> • Written surveys are not appropriate in an environment where literacy levels are low • Can be easily manipulated or designed to yield particular results • Depending on the response method, surveys can yield poor response rates • Surveys take considerable time and resources to prepare, implement and analyse results

Technique	Most Appropriate Application	Main Advantages and Disadvantages
Participatory Tools	When the operation is seeking to: <ul style="list-style-type: none"> • Scope and identify community needs/ aspirations • Involve stakeholders in the development of mitigation and community social investment strategies • Monitor and evaluate social impacts and social performance 	<i>Advantages</i> <ul style="list-style-type: none"> • Demonstrates commitment on part of the company • Provides the opportunity to build relationships and stakeholder ownership of outcomes • Can gain in-depth understanding of community cultures, beliefs, assets and interactions <i>Disadvantages</i> <ul style="list-style-type: none"> • Need to manage conflicting community demands • Can result in unrealistic community expectations • Process can be dominated by articulate and organised stakeholder groups

Generic Questions To Be Asked During Consultation

IDENTIFYING ISSUES	
INFORMATION REQUIRED	EXAMPLE QUESTIONS
Information about the stakeholder	<p>Q – Where do you live in relation to the Anglo operation or Anglo activities (e.g: transport routes)?</p> <p>Q – What is the nature and size of your organisation (if relevant)?</p> <p>Q – What are your key activities?</p>
Relationship with the Anglo operation	<p>Q – Do you interact with the Anglo operation in any way? And if so, for what purpose?</p> <p>Q – How could your relationship be improved (started)?</p>
Potential issues associated with the Anglo operation	<p>Q – Do you have any concerns regarding the Anglo operation?</p> <p>Q – Are there any ways in which the Anglo operation benefits you?</p> <p>Q – In what ways is the Anglo operation performing satisfactorily?</p>
Exploring evidence of these issue(s)	<p>Q – What are the changes that have taken place within your community, to other individuals or to yourself as a result of this issue (positive or negative)?</p>
Investigating the cause of the issue	<p>Q – What do you see as the cause of the issue?</p>
Link between the issue(s) raised and the operation	<p>Q – When did you first start experiencing this issue?</p> <p>Q – Where and how is this issue experienced?</p> <p>Q – How often is this issue experienced?</p> <p>Q – Who else do you know of who experiences this issue?</p>
Importance of the issue(s) to the stakeholder concerned	<p>Q – How important is this issue to you?</p> <p>Q – Why is this issue important to you?</p>
Exploring solutions	<p>Q – How do you think Anglo could address this issue?</p> <p>Q – What role could you or your community play in addressing this issue?</p> <p>Q – Are there other groups that could assist in addressing this issue?</p>
	
IDENTIFYING FURTHER ISSUES	
INFORMATION REQUIRED	EXAMPLE QUESTIONS
Consultation and communication	<p>Q – Does Anglo communicate with you/consult with you in an effective manner? Please explain.</p>
Community social investment (Note: Refer to <i>Tools C6</i> and <i>F2</i> for information required on community social investment)	<p>Q – To what extent do private companies have a responsibility to invest in and support the community?</p> <p>Q – What other companies invest in your community and in what way?</p> <p>Q – What can Anglo learn from these companies?</p>
Information about community needs (Note: Refer to <i>Tools B2</i> , <i>C6</i> and <i>F2</i> for information required on community needs)	<p>Q – What do you see as the main needs within your community/settlement?</p> <p>Q – To what sector of the community/population do these needs apply?</p> <p>Q – Who is currently addressing/attempting to address these needs (e.g: local government, NGOs, other companies etc.)?</p>

TOOL B5: OVERVIEW AND GUIDANCE ON BASELINE DATA COLLECTION

B5.1 OBJECTIVES

This tool will help to identify sources of data and ways of obtaining types of data to ensure that the operation has a good understanding of the characteristics of neighbouring communities and wider society.

The primary use for baseline data is to build a profile of the community/ies to provide a basis for consultation and community investment. The baseline data should:

- provide evidence to support or dispute potential socio-economic issues raised during consultation;
- build a profile of the community that can be monitored over time;
- be used to benchmark community changes and impacts; and
- inform decision makers about community relations activities and community social investment strategies.

Baseline data has two components:

- **Quantitative data** such as population data and availability of services. This is generally derived from reports and structured surveys.
- **Qualitative data** such as perceptions and attitudes to changes that may have occurred in the community. Perceptions of Anglo are generally derived from open interviews, focus groups and workshops.

The tool provides some guidance on obtaining both these data sets in terms of: (a) the type of data that should be collected; (b) where this information can be obtained; and (c) who should be consulted to obtain it.

B5.2 WHEN TO USE THE TOOL

The tool is designed to be used in conjunction with *Tool B2: Building a Community Profile*, in addition to providing support and guidance if more detailed data collection is required. It can, therefore, be used both prior or after consultation.

B5.3 TOOL B5

B5.3.1 Obtaining Baseline Data

This tool provides guidance on where to obtain different types of data. There are two components to the tool:

1. *Tool B5a - Matrices (B5.1 and B5.2)* providing guidance on obtaining primary and secondary data.
2. *Tool B5b* – List of questions for exploring key issues with stakeholders.

Quantitative data can be gathered from primary and secondary sources. Qualitative information can also be useful. For the purposes of the SEAT process it is likely that the operation will use both types of data.

Secondary data is information obtained from sources other than the operation or directly affected communities (eg census data, government statistics and reports, other regional or community plans). This data can be useful in building a community profile or identifying issues that are relevant to stakeholders. *Matrix B5.1* identifies secondary information sources that may be available and provides an indication of which sources are likely to be most useful in the context of the SEAT process.

Primary data is that which is directly related to the Anglo operation and its interaction with stakeholders. Where there is a need to explore a particular issue in some detail, primary data can be collected. There are a variety of data types and sources that can be considered. Those that are particularly relevant to the SEAT process are indicated in *Matrix C6.2*. Suggestions for the most appropriate way of accessing the data are also provided.

B5.3.2 Detailed Questions for Baseline Data Collection

One reason for collecting baseline data is to gather evidence to determine whether the issues raised during consultation are related to Anglo operations.

Tool B6b provides a set of key prompt questions that can be used when: (a) building up an understanding of communities near the Anglo site; and (b) collecting evidence to confirm or refute whether issues raised during consultation are linked to the Anglo operation.

The tables contain key prompt questions for issues commonly raised in relation to Anglo operations. These prompts are aimed at collecting data in relation to the existing situation, any changes that may have occurred, and the causes and effects of these changes. The list of questions provided should be used with discretion, *and only where relevant to the operation*. Interviewers should provide a clear explanation of why they are probing on a particular issue to avoid misunderstanding.

Matrix B5.1 Identifying Secondary Sources of Information

	Demographic Changes	Change of Health Status	Quality or Availability of Natural Resources
Census Data	Key data sources	Potential data sources	Potential data sources
National statistics office/website	Potential data sources	Potential data sources	Potential data sources
Local employment agency reports	Potential data sources	Potential data sources	Potential data sources
Local health facility reports, local health workers	Potential data sources	Key data sources	Potential data sources
Local educational reports/local teachers	Potential data sources	Potential data sources	Potential data sources
Local municipality/ authority reports / local government	Key data sources	Key data sources	Key data sources
Local/ regional/national NGOs/ Community Based Organisations (CBOs)	Key data sources	Potential data sources	Potential data sources
Local/ regional / national university reports	Potential data sources	Potential data sources	Potential data sources
Local/regional / national research institutions	Potential data sources	Potential data sources	Potential data sources
International development NGO reports (eg Oxfam)	Potential data sources	Potential data sources	Potential data sources
International environmental NGO reports (eg WWF)	Potential data sources	Potential data sources	Potential data sources
International agency reports (eg UNDP/ World Bank/ World Health websites, reports)	Potential data sources	Potential data sources	Potential data sources
National government departments/ministries	Potential data sources	Potential data sources	Potential data sources

Key: potential data sources
 key data sources

Matrix B5.2 Identifying Primary Data Sources

Data Source	Demographic Change	Change of Health Status ¹	Quality or Availability of Natural Resources	Crime and Disorder
Local household/ resident				
Government department office (regional, provincial, local)				
Land owners and resource users				
Community leaders				
Indigenous peoples				
Local and regional businesses				
Service Providers				
Local development CBOs and NGOs				
Environmental NGOs				

Notes: ■ indicates likely to be the better source of data.

■ indicates likely to be a general source of data.

1. It is important to note that for health issues, particularly in developing countries, secondary data such as clinic data is not necessarily representative of community characteristics. It is very important that data is also obtained directly from the community.

Infrastructure Capacity and Quality	Community Hazards	Environmental and Social Nuisance Factors	Disturbance from Employees	Economic Development and Change	Best Data Collection Technique for a Rapid Assessment
					Survey Sample of Personal interviews
					Personal interviews
					Personal interviews survey
					Personal interviews
					Personal interviews
					Personal interviews survey
					Personal interviews survey
					Personal interviews
					Personal interviews

Table B5.3 Questions to be Asked During Primary Data Collection

Issue 1: Changes in Demographic and Migration Patterns

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- Has there been a change in population numbers?
- Has there been a change in gender ratios within the project area (higher proportion of males often indicative of in-migration or longer shift rosters)?
- Has there been increased pressure or a decline in the demand for social services and/or natural resources due to changed population numbers or gender/age ratios?
- Has this proportion changed over a specified period (construction to the present) and, if so, how?
- Has there been:
 - Conflict over resources?
 - A change in standards of living?
 - Changes in health standards? (request evidence for statements made)
- Is Anglo the only employment generator in the locality?
- How have the local authorities responded to changes in demographic patterns and how effective have these responses been?

Issue 2: Change of Health Status

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

Health related issues are often not disclosed due to the sensitivities around such topics. It is important to ask questions that will highlight any significant health issues and that these questions are put to a variety of stakeholders and community members (eg traditional healers and nurses/doctors). Focus on obtaining information relating to: (a) basic health indicators (eg TB as an indicator of HIV/AIDS); (b) environmental health indicators (eg poor water quality); (c) current health capacity and policies. When inquiring about diseases, be aware that illnesses do not always go by the same name (eg what someone calls a cough, could in fact be throat cancer).

- Has there been a change in the living conditions of the local community (particularly in terms of sanitary conditions, malnutrition)?
- Has there been a change in:
 - Mortality rates?
 - Doctor: patient ratios?
 - Patient: hospital bed ratios?
 - Numbers of outpatients?
 - Provision of general health services (child health, general practitioner, dentist, optometrist)?
 - Provision of emergency health services?
- What are the major or prevalent diseases in the community (these may have different names in different communities)?
- Are these diseases communicable (e.g HIV/AIDS, gastroenteritis) or non-communicable (pre and neo-natal, respiratory, cancer)?
- Has there been a change in productivity among the workforce?
 - Has there been a change in the number of sick days taken?
 - Has there been a change in numbers of children orphaned?
 - Does the operation have a policy of employing single sex workers only? If so, is this contributing to increased prostitution and associated risk of STDs and HIV/AIDS?
- How is Anglo and/or the local health authorities responding to this health related issue?
- What is the effectiveness and capacity of local health programs (delivery, results, coverage)?
- To what extent are traditional healers and medicines used in the local community, and are they used with or instead of modern means?
- What obstacles are local health authorities currently facing?

Issue 2: Change of Health Status

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- What natural resources does the operation (or community/settlement) currently rely on?
- To what extent is the operation dependent on these resources for daily needs?
- What other alternatives does the operation currently have access to?
- Has the availability or quality of these resources increased or decreased over time?
- If so, how has this impacted upon the operation and other local residents? Examples include:
 - Levels of conflict over resources
 - Purchasing of goods (versus use of resources that are available free of charge)
 - Changes to standards of health (due to changes in levels of poverty and standards of living)
 - Changes in the level of migration between urban and rural areas
- Has access to land (for subsistence and/or commercial purposes) decreased as a result of Anglo's operations?
If yes, in what way has this access changed, for example:
 - Decreased land available for use (e.g. through expropriation of land for use by Anglo)
 - Difficulties in using existing land (e.g. as a result of division of land parcels or construction of roads that prevent easy access etc)
- In what way has this loss of land or loss of access affected standard of living, and has this loss been compensated for?
- What measures are currently being undertaken to address the above issues?
- What obstacles are currently being faced?

Issue 4: Crime and Disorder

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- What is the incidence of crime and anti-social behaviour in the local community?
- To what extent is this crime or social disorder associated with Anglo?
- Explore the following issues regarding acts of sabotage to Anglo operations:
 - The complaint or grievance regarding the Anglo operation
 - The main needs that exist within the community/individuals that are causing the damage (i.e. what needs do they perceive Anglo to be denying them?)
 - An understanding of what they hope to achieve (i.e. what is their end objective?)
- Explore the following issues regarding social instability (where it is perceived to be associated with the Anglo operation):
 - Is the operation's employment policy considered to be fair and transparent and not in favour of one sector of the population?
 - Does the operation's employment policy discourage or encourage in-migration of job-seekers?
 - Is the change in migration patterns resulting in a breakdown of traditional values, family structures and/or respect for local leaders?
 - Does the operation have a policy of employing single sex workers only? If so, is this contributing to activities such as alcohol abuse and prostitution?

Issue 5: Capacity and Quality of Infrastructure and Services

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- If the capacity and quality of infrastructure and services has changed, is this due to:
 - Changes in population numbers as a result of changing employment levels/ opportunities or patterns. If so, is Anglo the only generator of employment in the local area?
 - Poor financial planning and inadequate distribution of financial benefits earned by local, provincial or national government from the operation of the Anglo operation?
- Is the Anglo operation impacting on local infrastructure and services, for example:
 - Quality of roads due to increased heavy traffic?
 - Demand for local services in order to meet the needs of the Anglo operation and/or employees (eg waste services, sewerage systems, electricity, water supply)?
 - Provision of new infrastructure or services by Anglo?
 - Subsidising or co-financing of new infrastructure and services by Anglo?
- Key indicators of inadequate capacity include:
 - Changed proportion of the community with no or limited access to local services
 - Performance of services in relation to local or national targets (eg school examination performance; hospital bed: patient ratios)

Issue 6: Community Hazards

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- Has there been an increased incidence of accidents since the Anglo operation first started?
- Have there been requests submitted to Anglo for compensation for damage caused?
- If accidents are taking place, where are they mostly occurring (i.e. is it along the transport routes used by Anglo and is there a particular stretch of road that needs additional attention in terms of signage, dedicated crossings etc)?
- Are community hazards due to poor health and safety on Anglo's part or are there other contributing factors?

Issue 7: Environmental and Social Nuisance Factors

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- Has there been a change in property prices in the vicinity of the operation linked to: (a) visual impacts associated with the Anglo operation; (b) noise levels associated with the Anglo operation; (c) congestion associated with the Anglo operation; and (d) expansion of the operation?
- Has the Anglo operation received any complaints regarding any of the above issues?
- Has there been a change in relations between local residents and the Anglo operation?
- To what extent has there been an increase in traffic along the routes used by the Anglo operation?
- Is the Anglo operation complying with local standards on noise levels? If not, this could be evident in complaints submitted to the local government or Council and/or the Anglo operation.
- Is the Anglo operation complying with local standards for air quality?

Issue 8: Relationships between Employees and Settlements

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- Are Anglo employees accommodated separately from the local community/settlement?
- Have there been any incidents of tension between local residents and Anglo employees, or between employees of different grades / ethnicities etc?
- What proportion of Anglo employees are sourced from outside of the local area?
- Do tensions between different types of employees manifest themselves in the community?
- If yes to the above, do these employees have cultural or religious values different to those of the local population (eg gender equality, consumption of alcohol)?
- To what extent are Anglo activities outside of the Anglo boundaries carefully controlled and monitored?
- To what extent do Anglo employees enjoy higher wage rates (and associated living standards) than local residents?
- To what extent does Anglo give local residents access to the operation's services (eg school or medical services)?

Issue 9: Economic Development and Change

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- What are the characteristics of the local economy?
- Is the local economy reliant on one economic sector or one employer? (eg is Anglo the major employer?)
- Who are the other major industries and businesses in the local economy?
- What proportion of local businesses is reliant on Anglo?
- Are there any major economic development proposals for the local area or region?
- Has there been any change in the characteristics of the local economy? Including:
 - Prices of local goods and services?
 - Number of local businesses?
 - Profitability of local businesses?
- Has this been the result of any activity of the company? Consider:
 - Any changes in the use of local suppliers
 - Creation of competition with local suppliers
- Are there any local/state/national statistics available that provide an independent assessment of the above assertion?

Issue 10: Security and Human Rights

Key Questions (for all questions ask a subsequent question – What or How Much and Why?)

- Why is site security needed? (i.e. what are the factors which prompted the need for security?)
- Which parties are used to provide site security – are security personnel private employees or part of the local police force or local government?
- Are local community members involved in providing site security?
- What are the levels of trust between the local community and security personnel?
- Were the records of security personnel checked prior to their appointment (e.g. in relation to past human rights abuses)?
- Is there a system in place for community members to report any complaints associated with the security personnel? If so, what is the nature of these complaints?
- Are security personnel given appropriate training and ‘rules of engagement’ to handle high conflict situations, where relevant?
- Are security personnel briefed on Anglo’s human rights policy and international standards and guidelines (e.g. UN Universal Declaration of Human Rights and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials)?
- Is there a process in place for monitoring the performance of Anglo’s security personnel, including government/local police performance (where relevant)?

TOOL B6: SUMMARY OF ISSUES RAISED BY STAKEHOLDERS AND NEEDS IDENTIFIED

B6.1 OBJECTIVES

The objective of this tool is to provide a format for recording the issues raised during consultation. This list of summary issues will then be taken forward for assessment during Stage C (*Tools C1 and C2*).

B6.2 WHEN TO USE THE TOOL

This tool should be used during and at the completion of consultation to record and summarise stakeholder responses.

B6.3 TOOL B6

Table B6.1 should be used to summarise issues raised by each stakeholder group. A summary of the key issues raised should be listed in the left-hand column, with stakeholders recorded along the top row.

Once completed, the matrix will provide useful information on issues most commonly raised and those issues that are important to certain stakeholders. Given that perspectives on a specific issue can vary between stakeholder groups, it would be useful to use *Table B6.1* to record variations. For example, the general issue may be the resettlement of the population to make way for an operation, but for one stakeholder the specific issue is that the resettlement means that they would have to travel much further to access local forests for traditional herbs. For others it may be the change from a rural to an urban environment. Capturing these variations is important for effective management. This information would be best captured in the 'overlapping cell' connecting the stakeholder to the specific issue.

During the consultation process, a wide range of information will be gathered. All issues raised by stakeholders can be summarised using this Tool. Information gathered on community needs, community profile, community investment must also be recorded in the relevant tools.

This tool should be used in a database format so that information gathered in other stages can be automatically incorporated.

Table B6.1 Summary of Issues Raised by Stakeholders

List of Issues Raised	SH1	SH2	SH3	SH4
Issue 1				
Issue 2				
Issue 3				
Issue 4				
Issue 5				
Issue 6				
Issue 7				
Issue 8				

STAGE 2

**Identify & Assess
Social and Economic
Impacts &
Share Results of
the Assessment**

STEP C: IDENTIFY AND ASSESS THE SOCIAL AND ECONOMIC IMPACTS OF THE ANGLO AMERICAN OPERATION

TOOL C1: IDENTIFYING ANGLO AMERICAN ACTIVITIES THAT ARE RESULTING IN SOCIAL AND ECONOMIC IMPACTS

C1.1 Objectives of the Tool

A key step in a social assessment process is to identify the positive and negative impacts of the operation. There are two main ways in which this can be achieved. The first is through consultation, whereby stakeholders comment on what they perceive to be the impacts (positive and negative) associated with an operation. However, stakeholders are not always familiar with the technical processes that generate potential impacts. This can limit the extent to which stakeholders are able to provide comprehensive feedback on the full range of impacts that may need to be addressed. It is therefore important that Anglo staff undertake an internal examination of their operation's activities, identifying those activities that may result in potential impacts.

Most Anglo operations are ISO14001 certified (or the sector equivalent) and thus have management systems that make the link between their activities and potential impacts. In order to ensure consistency with existing Anglo systems, *Tool C1* draws on the principles of ISO14001. However, it is recognised that there are a number of ways of exploring the link between operational activities and potential impacts. Operations therefore have the flexibility to adopt other approaches, as long as the objective of *Tool C1* is met.

The information gathered in this tool will feed directly into the Community Engagement Plan (CEP) - specifically, those aspects of the plan that require an audit of the social and economic footprint of the operation on its surrounding area.

C1.2 WHEN TO USE THE TOOL

This tool should be used after the consultation process has been completed (*Stage 1*). However, it can also be used at the outset of the assessment, prior to consultation. This will allow for a comparison of initial perceptions of issues/impacts (as perceived by Anglo staff) versus the findings that are generated during consultation.

C1.3 TOOL C1

C1.3.1 How to Use Table C1.1

Introduction

Table C1.1 (p56) explores linkages between the following:

- The activities associated with the operation (eg employment).
- The aspects of these activities that bring about change (also referred to as the mechanisms of change) (eg contracting out some activities).
- The actual change that takes place in the receiving environment (eg unemployment amongst former workers, new jobs for other employees).
- And the positive and negative social and economic impacts that result from this change (eg lower incomes for former Anglo employees, better incomes for new workers).

The user should also identify the stakeholders that are affected by each of the identified impacts, whether or not there is an existing management measure to mitigate the impact, what this measure is, whether or not the impact has been raised during consultation, and lastly, whether the impact is considered significant or not.

In order to aid the user, an explanation for each of the headings in *Table C1.1* is provided below.

Activity

An activity is something that the operation has or does in order to do business or to meet required standards and policies (local and corporate). In order to address social and economic issues, it is important to think beyond technical processes to include other activities that enable the site to operate. This includes: employment of labour, sourcing of goods and services, community social investment initiatives, consultation activities, training and capacity building etc.

When identifying the various activities the operation should also give consideration to the following:

- Both the core activities of the business as well as the support facilities and services.
- The inputs and outputs for each activity.
- Activities relating to land transformation (eg land-take and change to the topography). These activities frequently have social and economic implications.

Aspect / Mechanism of Change

When exploring the link between the operation and potential impacts, it is important to differentiate between the activity and the actual cause of the impact. Thus, if the activity is a tailings dam, the cause of the impact is groundwater seepage and not the tailings dam itself. This “cause” is referred to as the *aspect* or *mechanism of change*.

By understanding what the cause of the impact is, the operation is better able to target management or intervention measures.

In order adequately to explore social and economic impacts, it is important to consider the content of the operation’s policies relating to human resources, communication and sourcing. What aspects of these policies could result in changes to the receiving environment and associated impacts?

What Change Does This Cause In The Receiving Environment?

Once the mechanism of change is known, the next step is to identify what change this causes in the receiving environment. There is a difference between the initial change that takes place (eg groundwater contamination) and the social or economic impact (eg ill health) that results from this change. The resulting impact should be recorded in the next column (*See Section C1.3.5*).

In some instances, it would be appropriate to refer to the primary impact (ie the initial change to the receiving environment) and the secondary impact (ie the impact that occurs as a result of the change).

The answer to the question “What change does this cause?” will be guided by in-house knowledge of the operation, knowledge of the receiving environment (both environmental and social), and, critically, through consultation with those people who are or may be affected.

What Is The Impact That Will Result From This Change?

Once the operation has identified the change that is likely to take place in the receiving environment, the next question that needs to be asked is: What is the resulting positive or negative social or economic impact?

Again, the answer to this question will be guided by knowledge of the receiving environment and the issues raised during consultation. Users should remember to consider both positive and negative impacts.

Box C1.1 Different Types of Inputs and Outputs

When identifying inputs, the operation should consider those that come from outside the operation (external inputs) and those that come from inside the operation (recycled inputs). External inputs can range from municipal water and electricity supply to the waste products from other industries that the operation purchases to use (eg sawdust or cotton wool for soaking up oil-spills).

Outputs can be divided into those outputs that stay inside the operation for re-use within another activity (recycled outputs), the final products which are sold and money received (products), and those outputs which have no further use (waste), either within the operation or as a recycled input for another user/industry.

Box C1.2 Understanding How Employment Policies Can Give Rise to Impacts

One of the main activities of any Anglo operation is the employment of labour. For the purposes of this example, let us assume that the operation is employing non-local staff in an area where unemployment is high. Possible changes to the receiving environment will be an increase in the number of non-local residents living in the area as well as tensions developing between the locals and non-local residents, or between local residents and the Anglo operation. The possible impacts of this are strained community relations, conflict, vandalism etc. Addressing this impact will require the Anglo operation to re-look at their employment policy and to make decisions around prioritising or training local residents OR to clearly communicate the reasons why non-local residents are being prioritised over locals (eg lack of available skills).

Box C1.3 An Integrated Approach to Assessment

When identifying social and economic impacts it is essential that the linkages between social, economic and environmental issues are considered. The treatment of these as separate entities is often what prevents the full identification of impacts. Environmental issues such as water and air quality have direct implications for the health of a community, as do issues such as overcrowding, poor sanitation etc. Even though SEAT process is focussed on social and economic issues, environmental issues need to be considered in order to identify the full range of social (including health) and economic impacts that may be occurring. There are a number of practical ways in which the operation's key environmental issues may be identified, including consulting with specialists on environmental issues (eg local NGOs, local authorities, and local residents who depend on environmental quality for their living). Operations with ISO14001 (or similar) systems in place will also be able to draw on their identified environmental impacts as a starting point for examining possible links between environmental, social and economic impacts. The steps described in this tool are also intended to assist users in identifying the knock-on effects (environmental, social and economic) associated with all aspects of the operation.

Who is Impacted?

For each positive or negative impact, those that stand to be impacted upon should be identified. This could range from specific stakeholders (eg someone neighbouring the operation) to the community as a whole.

Is There an Existing Management Measure?

For each impact, the operation must specify whether there is an existing management measure, and if so, what this is. Those impacts that do not have a management measure or that have a measure that is not considered to be effective (ie does not meet the management objectives) will need to be addressed in the management plan (*Stage 3*). This list of 'unmanaged impacts' should be recorded in *Table C1.2* in the column entitled 'List of Identified Impacts and Issues'.

Has This Been Raised As An Issue In Consultation?

For each identified impact, the user should indicate whether or not it was an issue raised during the consultation process. This will provide an indication of stakeholders' awareness of the impacts (positive and negative) of the operation.

Is This a Significant Impact?

For the purposes of the SEAT process, an issue is considered 'significant' if it contributes to any of the risks or benefits identified in *Table C1.2*. Users therefore need to refer to *Table C1.2* when filling in this column. 'Significant' impacts will then be prioritised for further attention.

C1.3.2 How to Use Table C1.2

Table C1.2 (p58) helps to prioritise the impacts that need managing, on the basis of significance (and this helps to complete the final column in *Table C1.1*). Impacts will be considered significant if they contribute to any of the following risks or benefits:

- Secure / threaten licence to operate.
- Result in direct financial benefits / costs to Anglo operation.
- Result in improved / strained relations with neighbours.
- Result in improved / strained relations with regulators and NGOs.
- Enhance / undermine perceptions of business unit within Anglo Group.
- Enable / disrupt operations.
- Enhance / damage corporate reputation.
- Result in improved / decreased returns to shareholders.
- Result in compliance / non-compliance with 'Good Citizenship' Business Principles.

As illustrated in the above list, significant impacts can be both positive or negative. For a more detailed evaluation of the significance of these issues, operations can refer to the Turnbull Risk Assessment Process available within Anglo. This process evaluates risks according to the impact of the risk (on a scale of 1-9) and the likelihood of the risk (on a scale of 1-9).

If operations decide to adopt their own tailor-made approaches to rating significance, it is important that the methodology for doing so is outlined when reporting on the results of the assessment.

Each priority impact will require the development of a Local Key Performance Indicator (KPI) that will monitor ongoing performance in relation to this impact. *Tool E2: Developing Local Key Performance Indicators* provides some guidance on the development and definition of local KPI's.

Table C1.1 Identifying Activities and Associated Mechanisms of Change – Illustrative Examples

Activities	Aspect of Activity Causing Change in Local Context	What change does this cause in the receiving environment?	What is the social or economic impact resulting from this change?	Who is impacted?
Tailings Dam				
Sludge	Release of sludge into ground water	Ground water contamination	Ill health	
Smelter				
Air emissions	Release of air emissions to atmosphere	Decreased air quality	Ill health	
Transportation of goods				
Vehicles	Movement of vehicles on local roads	Decreased safety	Injury to residents and/or livestock	
Crusher				
Noise	24 hour operation of crusher	Increased noise levels	Deterioration in quality of life	
Employment				
Employment of labour	Employment of non-local staff	Increased numbers of non-local residents and tensions developing between locals and non-locals	Strained community relations, conflict, vandalism etc	

Note: *An issue is considered significant if it contributes to any of the risks or benefits identified in *Table C1.2*.

Is there an existing/ effective management measure?	If management measure exists, please provide description of measure		Has impact been raised as an issue in consultation (Y/N)?	Is this a significant impact? (Y/N)*
	Y	N		

TOOL C2: ASSESSMENT OF ISSUES RAISED DURING CONSULTATION

C2.1 OBJECTIVES OF THE TOOL

The objective of *Tool C2* is to:

- assess the significance of issues to specific stakeholders;
- link issues raised by stakeholders to aspects of the Anglo operation;
- list who is impacted by the issues raised; and
- identify whether there is an existing management measure for each issue raised, and if so, what this measure is.

It is important to note that the issues raised during consultation are only recognised as ‘impacts’ once the link between the issue and the operation can be made. Prior to this they are referred to as ‘issues’ as a way of distinguishing them from impacts for which the operation is directly responsible.

The information gathered in this tool should feed directly into the Community Engagement Plan (CEP) – specifically, those aspects of the Plan that require an analysis of stakeholder issues and their associated business risks.

C2.2 WHEN TO USE THE TOOL

This tool should be used after the consultation process (*Step B*) has been completed.

C2.3 TOOL C2

C2.3.1 Significance of Issues for Stakeholders

The list of issues raised per stakeholder group was generated in *Tool B6* (See *Table B6.1*). Using this information, a summary of the key issues raised by stakeholders should be listed in the left-hand column of *Table C2.1* (column entitled “Issues Raised By Stakeholders”). All of the relevant stakeholders should be included across the top row of the table. A tick (a) should be entered into those boxes for which the issue is considered to be significant. *Box C2.1* contains the criteria for stakeholder significance, as defined for the SEAT process.

C2.3.2 Are the Issues Raised Linked to Anglo Activities

Once the significance of the ‘issues’ has been assessed, decisions need to be made as to whether the issues raised are linked to Anglo activities. As previously noted, it is likely that a number of the identified ‘issues’ may not be related to activities by the Company. However, these issues may still pose a risk and, therefore, cannot automatically be disregarded.

C2.3.3 Identification of Priority Issues

Issues of significance to the operation will include those that are directly linked to Anglo activities (ie impacts) as well as those that, although not the result of the operation, still pose a risk to Anglo and therefore need to be addressed. An example of this is provided in *Box C2.2*.

After identifying priority issues, the operation will also need to consider which stakeholders are affected by the impacts/issues, and whether there are adequate management measures in place. This information will help operations to decide on: (a) who the management measures need to address; and (b) the extent to which new or improved management measures need to be designed and implemented.

Box C2.1 Defining Significance of Issues from the Perspective of Stakeholders

An issue will be considered to be significant if a stakeholder perceives the issue to be one or more of the following.

- Not to be easily resolvable.
- To warrant direct action against the Anglo operation (eg vandalism, work stoppages, public protests, legal action, press action etc).
- To have the potential to cause a break-down in relations with the Anglo operation.
- To be causing direct impacts to quality of life or levels of livelihood.
- To warrant out-migration away from the operation.
- To have the potential to cause incidences of conflict between local stakeholders.
- To be causing high levels of personal stress and anxiety.

Box C2.2 A Case Study from Latin America

An Anglo mine in Latin America is located on the outskirts of a town that is currently undergoing increasing levels of industrialisation. Although local residents recognise the benefits of development, there is rising concern about the impact of big industries on the local environment and on the health of the local population. The Anglo operation is ISO14001 certified and is recognised by local authorities to be operating at high levels of environmental performance. In contrast to its environmental performance, the Anglo mine had not made sufficient investment in consultation with local stakeholders. As a result, local people were not aware of its high environmental standards.

The poor environmental performance of its two neighbours, both of which are mines, therefore pose a risk to the operation – in terms of reputation and strained relations with local residents. The reason for this is simple. In the absence of communication and information from the Anglo operation, local residents group all three mines together and accuse them all of poor environmental performance. Even though issues regarding air pollution and water shortages are not the result of Anglo's activities, they remain priority issues due to the risks that they pose to reputation and community relations.

Table C2.1 Summary of Consultation Outcomes

Issues raised by Stakeholders	Significance of Issue for Stakeholders (SH)*					What aspect of Anglo's operations cause or contribute to this impact? **
	SH1	SH1	SH1	SH1	SH1	
Issue 1						
Issue 2						
Issue 3						
Issue 4						
Issue 5						
Issue 6						
Issue 7						
Issue 8						
Issue 9						
Issue 10						
Issue 11						
Issue 12						

Note: * Criteria for significance are defined in *Box C2.1*.
 ** If the issue is not directly related to Anglo's operations or activities this should be noted.
 *** An issue is considered significant if it contributes to any of the risks or benefits identified in *Table C1.2*.
 This table will be most useful in a database format for ease of completion.

TOOL C3: HOW TO CALCULATE AN OPERATION'S VALUE ADDED

C3.1 OBJECTIVES OF THE TOOL

The objective of this tool is to calculate value added⁽¹⁾. This is the measure of the business's contribution to economic output in the economy. This information is ultimately needed to report on one of the Anglo American corporate key performance indicators.

Financial controllers, accounting officers or commercial managers will be the primary users of the tool. Unlike most tools in the SEAT process, this tool (along with Tool C4 – Inventory of payment made to the public sector) may have to be used at a national or divisional level. This is because tax and interest payments are often not always managed at the level of the local operation.

C3.2 WHEN TO USE THE TOOL

Value added should be calculated on an annual basis, with information gathered from the company's various financial reports.

C3.3 TOOL C3

Value added is the measure of an operation's contribution to the economy. It is defined as sales less bought-in materials, components and services. It can be calculated from a company's accounts by taking operating profit before interest and tax (but excluding profits on disposal of subsidiaries and assets) and adding back employee costs, depreciation and amortisation:

$$\text{Value added} = \text{Operating Profit} + \text{Employee Costs} + \text{Depreciation and Amortisation}$$

Where operating profit is defined as profit before interest, tax and dividends and net of exceptional items (specifically the profit or loss arising from the disposal of a subsidiary or assets).

TOOL C4: INVENTORY OF ALL PAYMENTS MADE TO THE PUBLIC SECTOR

C4.1 OBJECTIVES OF THE TOOL

The objective of this tool is to help identify the total contribution of Anglo American businesses to public sector revenues. The tool has been developed partly in response to the Extractive Industries Transparency Initiative (EITI) and the Global Reporting Initiative (GRI). The objective of the EITI is to increase transparency over payments and revenues in the extractives sector in countries heavily dependent on these resources. The GRI is focussed on the development of Sustainability Reporting Guidelines, for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The tool will also assist in gauging the potential overall economic and social dislocation liable to be caused by eventual closure of an Anglo operation.

This tool is primarily aimed at divisional or country financial controllers. Unlike most tools in the SEAT process, this tool may need to be used at a divisional level, as many local operational units are not registered individually for tax purposes (eg, taxes on profits generated by Mondi Forest's plantations are paid via the Mondi South Africa head office).

C4.2 WHEN TO USE THIS TOOL

The inventory of payments to public authorities should be calculated on an annual basis, with information gathered from the Company's various financial reports.

C4.3 TOOL C4

Because national tax regimes vary so widely, it is not possible to give detailed guidance on how to use this tool. However, the intention is to identify all net payments to the public sector, except those that are in return for a commercial service provided (such as water supply or rail transport where the services are in public ownership). The table below provides examples of the types of payments to include.

(1) Value added as defined above is also known as gross value added (VAG).

Tax and other payments to the Public Sector

- Profits / corporation tax
- Employee-related taxes that are the responsibility of the Company
- Social security / unemployment or sickness insurance taxes
- Turnover taxes
- Value added / sales taxes (payments net of reimbursements)
- Import / export duties
- Property taxes
- Withholding taxes
- Fuel duties and vehicle taxation (eg road use taxes)
- Payments to secure rights to mineral, coal etc concessions
- Natural resource use charges (eg water abstraction or discharge fees, air pollution or carbon emissions permit charges)
- Environmental and safety permitting costs

TOOL C5: CALCULATING TOTAL EMPLOYMENT GENERATED BY AN OPERATION

C5.1 OBJECTIVES OF THE TOOL

The objective of this tool is to calculate the total employment generated by the operation. This includes:

- direct employment by Anglo American companies (ie those staff that are on payroll);
- indirect employment in the region comprising:
 - contractor employees working for the operation (ie those staff on the contractors' payrolls who are employed to fulfil contracts at the operation);
 - indirect employment working at the operation's suppliers and any contractor's suppliers or sub-contractors;
- employment generated in the region by community social investment activities, including local business development; and
- induced employment in local communities generated by the spending of direct and indirect (including community social investment), employees, such as those in local services (eg shops, transport and public services).

All four categories are tracked, particularly as contracting-out or outsourcing functions may give the impression that employment generated by Anglo companies is falling, whereas it may simply have been out-sourced to a subcontractor.

Assessing this information will help to identify how dependent suppliers and communities are on the operation. This information will help anticipate or manage changes to the operation's procurement practices without causing unnecessary damage to the viability of suppliers.

This tool should be used by managers within Anglo with the cooperation of contractors, suppliers and community projects the operation has assisted.

C5.2 WHEN TO USE THE TOOL

Information for this tool can be updated on an ongoing basis, but need only be reported on an annual basis.

C5.3 TOOL C5

C5.3.1 Introduction

The following sections provide guidance on how to calculate each category of employment. All employment should be expressed as full time equivalents for a year. A full time job is one that occupies employees for thirty hours or more per week. Therefore, the following employment examples each constitute **one** full time equivalent year of employment:

- a member of staff who works a permanent five day a week contract with a full working day, or those on full time shift patterns;
- two part time staff, each of whom works two full days a week throughout the year; and
- four seasonal or casual staff who work for five full days a week, but only for three months of the year.

C5.3.2 Direct Employment

'Direct employees' are those employed by Anglo American Group companies.

The total is simply the number of individuals on the payroll, expressed as full time equivalents. This information should be readily available from personnel/human resource departments.

(1) NB Because the focus is on number of people employed (rather than the amount of hours worked), one person working a sixty hour week would only constitute one job. 30 hours is taken as the minimum number of hours for a full time job.

C5.3.3 Indirect Employment

As noted above, indirect employees are those who work for the operation’s suppliers and contractors and whose employment is dependent upon custom from the operation. If the supplier works for other Anglo American Group operations please do not include employment generated by these, as this will be calculated separately by those operations as they use SEAT. Employees in suppliers or contractors do not have to be permanently engaged in work for the operation for the employment to be counted.

For example:

- a construction contractor who provided 100 workers for a fixed six month period would have had the equivalent of 50 full time jobs created by custom from the operation in that year; and
- a supplier who employs 500 staff and who sells ten percent of his output in a year to the operation would also have had the equivalent of 50 full time jobs created by the operation’s custom.

This information should be available from suppliers and contractors. If a portion of the work is subcontracted to other companies, similar calculations should be done for them.

It will very often be useful to record what proportion of indirect employment is retained ‘locally’. The definition of local will of course vary from one location to another, and the operation should select one, in discussion with stakeholders, that reflects local attitudes and realities. Table C5.1 summarises how to calculate supplier and contractor employment. If the operation has major contractors or suppliers who themselves source a major part of their work from outside their companies, they should be asked to complete the form.

When collecting this information, a sampling approach should be adopted. A representative sample of suppliers that cover the majority of the operation’s spend should be contacted. The sample should be representative in terms of type of supplier, geography, size of purchase and skills required. The information gathered should then be grossed up to reflect total spend. It is not necessary to contact all suppliers, as this would be very labour intensive.

Table C5.1 Calculating Indirect Employment

Name of Contractor /Subcontractor/ Supplier	(a) Number of Permanent On-site Staff(1)	Number of Off-site Staff			(e) Total Indirect Employees (a + d)	(f) Percentage of Employment that is Local
		(b) Total Number of Employees in Company(1)	(c) Percent of Business with the Operation	(d) Total Off-site Employees		
1.						
2.						
3.						
etc						
Total						

Note: (1) Staff numbers should be expressed as full time equivalents – see above

In some situations suppliers may not wish to cooperate for reasons of commercial confidentiality. If sufficient assurances about treating information in confidence cannot be given an alternative approach of estimating indirect employment can be used:

- identify the annual turnover of the supplier through published accounts (this should be public information);
- identify the supplier's total employment from company annual reports, websites etc;
- calculate turnover per job by dividing total turnover by total employment; and
- divide the size of the operation's spending with that company by the turnover per job figure to provide an estimate of employment generated by the operation's custom. This is a last resort and should only be done with significant suppliers.

C5.3.4 Community Social Investment (CSI) Employment

Identify the number of jobs generated by CSI is a simple five step process:

1. Identify the number of beneficiaries of the project. This is the number of individuals who directly participate in the project (ie not including non-participating dependents).
2. Identify the average percentage of beneficiaries' incomes or employment that is derived from the project.

3. Estimate the operation's contribution to establishing and maintaining the project. This can include in-kind contributions (eg of land or staff time). To ensure that the answer is balanced, the operation should attempt to agree this with other project partners, including beneficiaries.

4. Calculate full time equivalent jobs using the following formula:

- a. number of beneficiaries, multiplied by
- b. percentage of incomes derived from the project, multiplied by
- c. the operation's contribution to the project, equals
- d. full time equivalent jobs

5. Add a multiplier effect to capture the employment generating effect of spending by beneficiaries of the project. The incomes of people helped through CSIs will typically be lower than those of employees in contractor and supplier firms, and so a lower multiplier of 1.05 should be used (meaning that for every 100 jobs created by CSI projects five further jobs will be created in the local economy).

For example, if a project had 100 beneficiaries who derived half of their livelihoods from it, and if the sponsoring Anglo operation was responsible for 50 percent of the support provided, the employment generated would be:

$$\begin{aligned}
 &100 \text{ beneficiaries} \times 0.5 \text{ time} \times 0.5 \text{ Anglo contribution} \\
 &= 25 \times 1.05 \text{ multiplier} \\
 &= 26 \text{ full time equivalent jobs}
 \end{aligned}$$

Table C5.2 opposite provides a format for calculating and summarising employment from CSI projects.

C5.3.5 Induced Employment

The spending of direct, indirect and CSI generated employees in the local economy generates induced employment. Induced employment results from spending on:

- housing;
- food;
- clothing;
- leisure activities;
- personal services, such as hairdressing and cleaning;
- business services, such as banking;
- transport;
- utilities; and
- public services, such as education and healthcare.

As can be seen, whilst most spending is by employees themselves, the public sector may provide some services on their behalf (for example, education).

Whilst it is possible accurately to calculate induced employment using business surveys and economic modelling, for the purposes of this process, induced employment should be assumed to be 10 to 20 percent of the sum of direct and indirect employment⁽³⁾. This estimate falls within the bounds of published research on multiplier employment.

For example, *if*:

- direct employment at the operation is 500; and
- indirect employment in suppliers and contractors is 250;
- induced employment is 10 percent of (500 direct + 250 indirect) = 75;
- which gives total employment generation by the operation of 500 direct + 250 indirect + 75 induced = 825.

(3) If there is more accurate research that has been calculated for the operation, for example as part of a socio-economic impact study undertaken to obtain planning consent, please use this instead.

Table C5.2 How to Calculate Anglo’s Contribution to Employment from Community Social Investments

Name of Project	(a) Number of Beneficiaries from Project	(b) Average Percentage of Beneficiaries’ Incomes Derived from the Project	(c) Anglo Contribution to Establishing Project (Percent)	(d) Full Time Equivalent Jobs Attributable to Anglo CSIs (a x b x c)	(e) Apply Multiplier Effect (d x 1.05)
1.					
2.					
3.					

Box C 6.1 Defining Community Social Investment

CSI initiatives within the corporate sector are contributions (monetary, staff time or gifts in kind) that are made to stakeholders associated with the Anglo operation, and which bring benefits over and above core activities. The beneficiaries can range from local stakeholders to national and international ones. These investments are generally aimed at addressing needs within the selected target community. The scope of these activities ranges from philanthropic activities (eg donations to charities), to addressing social issues within target communities, to corporate initiatives within the target community that directly support the needs and success of Anglo (eg capacity building among local residents for employment purposes). However, definitions of what constitutes CSI will vary from country to country, depending on stakeholder perceptions and local operating norms. Thus, a CSI activity in one country (eg worker healthcare provision) may be standard business practice or part of an operation's planning permits (eg mitigation measures) in another country.

For further information on definitions of CSI, and for accounting for management and staff time and 'gifts in kind,' see the Anglo American Annual Financial Reporting Pack.

TOOL C6: IDENTIFYING AND EVALUATING EXISTING COMMUNITY SOCIAL INVESTMENTS

C6.1 OBJECTIVES OF THE TOOL

The objectives of this tool are as follows: (a) to identify the full range of community social investments (CSIs) that are provided by the operation at present; and (b) to provide a checklist of questions with which to assess the effectiveness and appropriateness of these CSIs. This assessment will enable Anglo staff to identify where existing CSIs can be improved, such that they add greater value to both beneficiaries and the Anglo operation.

The appropriateness and effectiveness of existing CSIs is assessed in terms of the following broad criteria:

- a) The extent to which they are aligned with Anglo Corporate Policies and Principles;
- b) The process followed in the identification, planning and implementation of the CSIs; and
- c) The nature and extent of the benefits associated with the CSIs.

C6.2 WHEN TO USE THE TOOL

Both parts of this tool can be used early on in the assessment phase. However, Part (b) (Prompts for Assessing the Appropriateness and Effectiveness of Existing CSIs) may require a more detailed understanding of community needs before a thorough assessment of CSIs can be carried out. Some of this information will have been gathered during the consultation carried out during the SEAT process, or as part of previous consultation activities. However, it may be necessary to supplement these findings with a more detailed needs assessment in order adequately to assess the extent to which the operation's existing CSIs are meeting community needs.

C6.3 TOOL C6

Table C6.1 presents a simple summary of different types of CSIs, broken down by category of beneficiary. The table includes a broad cross section of different types of activities, some of which may not be considered to be CSIs in all countries that Anglo operates in. However, please record all the operation's activities so that a complete and comparable picture of CSI activities undertaken can be compiled. The Anglo American Annual Financial Reporting Pack requires operations to compile a summary of their CSI activities and amounts spent or otherwise committed. Thus, operations may have already documented some of the information required for this tool.

The list is not exhaustive – please add to it if the operation is providing other types of assistance to the local community. It is important to consult widely within the operation to ensure that all CSI assistance is recorded.

Table C6.2 (p74) provides a list of key questions and issues to consider when assessing the appropriateness and/or effectiveness of the operation's existing CSIs. These questions represent current thinking on best practice within CSI. The list of questions should be applied to each of the existing CSI initiatives, and should be used as a guide for identifying opportunities for improving existing initiatives, or for exiting from those initiatives that are not appropriate. Exiting from an initiative should however be done in such a way that the impacts on beneficiaries are minimised.

Table C6.1 Summary of Existing Community Social Investment Activity (Annual)

Community Social Investment	Description of Activity at the Operation	Approximate Cost (US\$ per Year)
Employees		
• employee benefits (eg pensions, medical care, education, housing)		
• developing inter-community awareness		
• protecting employment levels		
• other		
Business partners - customers and suppliers		
• training customers to use the operation's products		
• helping to expand customers' businesses through training or investment		
• purchasing from disadvantaged communities		
• helping to expand suppliers' businesses through training or investment		
• other		
Neighbours		
• education, training and awareness raising		
• donations		
• transport infrastructure		
• utilities (water, sewerage, power, telecoms)		
• healthcare		
• sponsorship of arts, cultural or sporting events		
• capacity building through training, mentoring and work experience etc		
• sponsoring business development		
• sharing company facilities – sports, classrooms, laboratories, emergency equipment		
• multiple resource use – sharing resources eg grazing, waste wood collection, trails, harvesting unused natural resources etc		
• facilitating community access to decision makers		
• other		

Table C6.2

Prompts for Assessing the Appropriateness and Effectiveness of Existing Community Social Investments

Q1	Are your Projects aligned with Anglo Corporate Policies and Principles?
	<i>Note: Some of this information will be generated during Step C (Tool C7). Each CSI initiative should be assessed against the following list of Anglo policies/principles.</i>
	Relevant Anglo policies/principles:
	<ul style="list-style-type: none"> • To enhance the capabilities of the communities of which the operation is a part
	<ul style="list-style-type: none"> • To support community projects which reflect the priorities of local people, sustainability and cost effectiveness
	<ul style="list-style-type: none"> • To seek mutually beneficial long term relationships with business partners, contractors and suppliers, based on fair and ethical practices
	<ul style="list-style-type: none"> • To seek to make a contribution to the economic, social and educational well-being of communities associated with the operation, including through local business development and providing opportunities for workers from disadvantaged backgrounds
	<ul style="list-style-type: none"> • To make a contribution to addressing priority community health issues
Q2	Have you involved Key Stakeholders in the Identification, Planning and Implementation of your CSI Initiatives?
2.1	<p>Are CSI initiatives based on identified needs within the target community?</p> <p><i>Note: To assess this, it may be useful to create a matrix with community needs along the y axis and CSI initiatives along the x axis. Examining the overlap between the two will provide an indication of the extent to which projects are meeting community needs.</i></p>
2.2	<p>Were community needs identified in consultation with key stakeholders, for example:</p> <ul style="list-style-type: none"> • local residents within the target community (this includes local employees)? • local NGOs or other experts working within the target community? • local government (eg development planning departments)? • donor community (where appropriate)?
2.3	<p>During consultation, were efforts made to include a representative sample of residents within the target community? (See Tool B1 for guidance on representative consultation)</p>
2.4	<p>Have attempts been made to maximise the involvement of key stakeholders (see Question 2.2) in the planning and implementation of the CSI initiatives? For example:</p> <ul style="list-style-type: none"> • through the development of partnerships with local organisations; • by allowing local stakeholders to take the lead in implementing the CSI initiatives.

Q3	Do your Projects bring Long Term, Sustainable Benefits to your Target Community
3.1	Do the operation's CSI initiatives benefit disadvantaged people within the target community?
3.2	Do the operation's CSI initiatives assist in decreasing identified social needs and problems within the target communities?
3.3	Do the operation's CSI initiatives encourage self-reliance rather than dependence? (ie 'give someone a fishing rod rather than fish')
3.4	Are skills gained through the CSI initiatives transferable to sectors separate from Anglo?
3.5	<p>Do the operation's CSI initiatives bring social, economic and environmental benefits or achieve benefits in one area without adverse impacts on the others? For example:</p> <ul style="list-style-type: none"> • CSI initiatives which enhance water provision to local communities, while ensuring that the water needs of local ecosystems and flora/fauna are not disrupted. • CSI initiatives which provide renewable energy sources, such as solar heating.
3.6	Was consideration given to the potential negative impacts/risks of the operation's CSI initiative prior to selection and implementation (this includes impacts/risks to the local community and to Anglo)? Have these impacts/risks been addressed?
3.6	Will the operation's CSI initiatives be able to continue after Anglo funding comes to an end?
3.6	Do the operation's CSI initiatives respect cultural sensitivities and traditional ways of living within the target communities?

TOOL C7: GUIDANCE ON ASSESSING PERFORMANCE IN RELATION TO CORPORATE LEVEL POLICIES

C7.1 OBJECTIVES OF THE TOOL

The objective of this tool is to enable operations to carry out a self-assessment of their performance in relation to key Anglo policies and principles. These are the Anglo “**Good Citizenship**” **Business Principles**, the **SHE Policy**, and associated **Management Principles**. Specific elements within each of these have been identified as being of direct relevance to this assessment. It is against these elements that operations are requested to assess their performance.

The outcome of this assessment will be a clear statement of the level at which the operation is currently performing. Operations can then use the results of the diagnostic as the basis for planning improvements in performance.

C7.2 WHEN TO USE THE TOOL

This tool can be used at any stage in the assessment process. However, it is positioned at the end of *Stage 2* in order that the results of the earlier assessment activities can feed into this exercise.

This self-assessment is best carried out with a group of relevant staff who are familiar with the issues covered in the principles and policies. Suggestions include the operations manager (or equivalent), finance staff, human resource personnel, community relations personnel, the safety, health and environmental manager, and procurement manager. Working in a group is likely to result in a more accurate and representative assessment of the operation’s levels of performance.

C7.2.1 Identifying the Level at Which the Site Is Operating

For any of the identified elements, there are four levels at which an operation could be performing. These are:

- **Level A:** the implications of policies have been considered and local responses initiated;
- **Level B:** action plans have been developed to implement the required actions;
- **Level C:** actions have been implemented; and
- **Level D:** actions have been implemented and performance has been reviewed.

Each operation needs to identify the level at which they perceive themselves to be performing for each of the specified “Key Elements”. This performance rating will be dictated by the activities that the operation is currently carrying out. Once the rating is decided upon, the relevant block (in the left hand column) should be circled or shaded.

If a particular element within a policy is not applicable to the operation (e.g. those that apply to indigenous communities), then this should be indicated in the “Supporting Evidence” column.

C7.2.2 Supporting Evidence

Having rated the operation's performance, the next step is to document the activities that justify the rating assigned. This will help to ensure that the rating is correct. The information will also play a key role in assuring internal and external reviewers that the level assigned to the operation is supported by the necessary activities. These activities will vary from operation to operation, depending on the local context.

C7.2.3 Identifying Management Responsibility

The next step is to identify the person responsible for these activities. This will enable the reviewer to contact this person should they require additional information.

Table C7.1 Assessing Performance Against AA Policies and Principles

	Key Elements	Key Actions
1.	Within the Anglo 'Good Citizenship' Principles – Our Responsibilities to Our Stakeholders:	
1.1	Communities	Promoting strong relationships with communities.
		Enhancing the capabilities of the communities of which the operation is a part.
		Seeking regular engagement about issues that may affect them.
		Supporting community projects that reflect the priorities of local people, sustainability and cost effectiveness.
		Assessing the contribution the operation make to local social and economic development.
1.2	Customers and business partners	Seeking mutually beneficial long-term relationships with business partners, contractors and suppliers, based on fair and ethical practices.
1.3	Government bodies	Respecting the laws of the host countries; and being seen as socially responsible.
1.4	Non-governmental organisations	Aiming for constructive relations with relevant non-governmental organisations.
2.	Within the Anglo 'Good Citizenship' Principles - Principles of Conduct:	
2.1	Corporate citizenship	Seeking to make a contribution to the economic, social and educational wellbeing of communities associated with the operation, including through local business development and providing opportunities for workers from disadvantaged backgrounds.
		Recognising the sensitivities involved in addressing issues relating to the cultural heritage of indigenous communities.
		Ensuring that matters relating to indigenous communities are handled in a spirit of respect, trust and dialogue.
2.2	Employment & labour rights	Promoting workplace equality and seeking to eliminate all forms of unfair discrimination.
		Providing employees with opportunities to enhance their skills and capabilities.
2.3	Safety, health and environmental stewardship	Working towards striking an optimal balance between economic, environmental and social development.

	Key Elements	Key Actions
3.	Within the SHE Policy	
3.1		Making a contribution to addressing priority community health issues.
3.2		Conserving environmental resources (if this is an issue, the operation is likely to get feedback on this during consultation – additional environmental studies, outside of the scope of this assessment, may then need to be undertaken).
3.3		Preventing or minimising adverse impacts arising from our operations (impacts understood to be environmental and social).
3.4		Demonstrating active stewardship of land and biodiversity (if this is an issue, the operation is likely to get feedback on this during consultation – additional environmental studies, outside of the scope of this assessment, may need to be undertaken).
4.	Within the Management Principles:	
4.1	Commitment	Allocating adequate financial and human resources to ensure that the operation’s social issues are dealt with in a manner that reflects their high corporate priority.
4.2	Risk Assessment	Accurately identifying, assessing and prioritising the hazards and risks associated with all the operation’s activities.
4.3	Prevention and Control	Preventing, minimising or controlling priority risks through planning, design, investment, management and workplace procedures.
4.4	Performance	Setting appropriate goals, objectives, targets and performance indicators for all our operations, as well as meeting all applicable laws and regulations and, where appropriate, applying international best practice.
4.4	Evaluation	Accurately monitoring, reviewing and confirming the effectiveness of management and workplace performance.

Level				Supporting Evidence for Selected Level	Management Responsibility
A	B	C	D		

TOOL D1: SHARING RESULTS OF THE SEAT PROCESS WITH STAKEHOLDERS

D1.1 OBJECTIVES OF THE TOOL

The sharing of results at different stages of the assessment can have a number of benefits. It provides the opportunity to discuss and test the robustness and validity of the results. It also allows stakeholders to develop a shared understanding of all of the issues and the opportunity to participate in the development of potential solutions, often resulting in some innovative suggestions. Finally, if stakeholders understand the impacts the operation has on their communities, they will be better able to help to manage them, alongside the Company.

Involving stakeholders in discussions to obtain an understanding of key issues, to access baseline data or to discuss potential management responses inherently brings with it a responsibility to provide feedback on all these aspects. One of the most common criticisms of public consultation processes is that feedback is rarely provided. This has the effect of making stakeholders feel that their input has not been appreciated and they are not able to see how the issues they have raised have been addressed. This in turn can affect the quality of trust in the relationship between the company and the stakeholder.

Consequently, the process of consulting and communicating the results of the SEAT process to stakeholders is very important.

D1.2 WHEN TO USE THE TOOL

This tool is designed for use during the verification of the assessment findings and the development of management responses to 'impacts' and after the SEAT process (and associated reporting) is completed.

D1.3 TOOL D1

The tool is a set of notes outlining the importance of involving stakeholders in the assessment process and guidance for providing feedback on the process. *Tool B4* provides detailed guidance on consultation and communication techniques that can be used to share the results of assessments and provide feedback. *Tool D1* can be used in conjunction with *Tool B4: Guidance on Approaches to Consultation* and *Tool B6: Summary of Issues Raised by Stakeholders and Needs Identified*.

D1.3.1 Sharing Results of the SEAT Process with Stakeholders

The extent and manner in which stakeholders are involved in a process of sharing the impact assessment results will depend on the number of stakeholders who have been involved in the data collection phases, their geographic spread, literacy levels, socio-political and cultural contexts and the types of issues raised. It is important that a representative group of stakeholders, if not all, are involved (*see Tool B1: Stakeholder Identification and Gap Analysis for stakeholders to include*).

The process of discussing impacts with stakeholders is often best done in a small group format, because it offers the opportunity to discuss issues and management responses in some detail. However the particular circumstances of the site and the associated issues must be taken into account when determining an approach. Key questions to consider are:

- Which stakeholders do I need to involve in this process?
- What are the particular characteristics of these groups in terms of cultural identity, political affiliations, literacy, access to information and technology, language, gender and religion?
- In total, how many people will this represent?
- Can I address this many people in one session?
- Are there issues that I would be better off consulting on individually or in smaller groups?
- What benefits/risks will there be in bringing different stakeholder groups together?
- What expectations will I create with the particular approach that I am proposing?
- Do I have any budget or time constraints?

Tool B4 provides guidance on the types of consultation and communication techniques that may be appropriate in different circumstances.

D1.3.2 Providing Feedback to Stakeholders

The choice of feedback technique will depend on the particular circumstances of the site and the associated issues. *Table D1.1* provides a pro forma for planning a feedback approach. The pro forma is divided into *Part 1 (Identifying Feedback Requirements by Stakeholder)* and *Part 2 (Summary of Feedback Program)*.

For Part 1, the first two columns can be completed using the information gathered as part of *Tool B6: Summary of Issues Raised by Stakeholders and Needs Identified*. The second two columns are intended as a prompt to ensure that the operation consider the particular requirements of the stakeholder before determining how the operation will provide feedback to them.

For Part 2, the operation can summarise planned feedback activities, group the stakeholders per activity and then identify the supporting information requirements that may be needed (eg copies of reports, list of key performance indicators, summary of issues raised) and timing and responsibility for delivering feedback.

STAGE 3

Develop Management Responses to Key Issues, including Planning for Eventual Closure

TOOL E1: DEVELOPING A MANAGEMENT AND MONITORING PLAN

E1.1 OBJECTIVES OF THE TOOL

The objective of *Tool E1* is to provide guidance on the development of management and monitoring measures for the priority issues identified in the assessment. The tool's specific focus is on the information required to implement an effective management and monitoring plan.

The information gathered in this tool will feed directly into the Community Engagement Plan (CEP) - specifically, those aspects of the Plan that require the identification of key management objectives, accountabilities and resource requirements.

E1.2 WHEN TO USE THE TOOL

This tool is designed to be used once priority 'impacts' have been identified, as well as on an ongoing basis throughout the life of the operation.

E1.3 TOOL E1

Table E1.1 and *E1.2* (p89) provide the outline structure for a management and monitoring plan respectively. In order to complete these plans, the operation will need to follow the process depicted in *Figure E1.1* overleaf.

E1.3.1 Identification and Evaluation of Management Measures

Stage 1: Consultation on Management Measures

Refer to *Step D* for guidance on consultation on management measures.

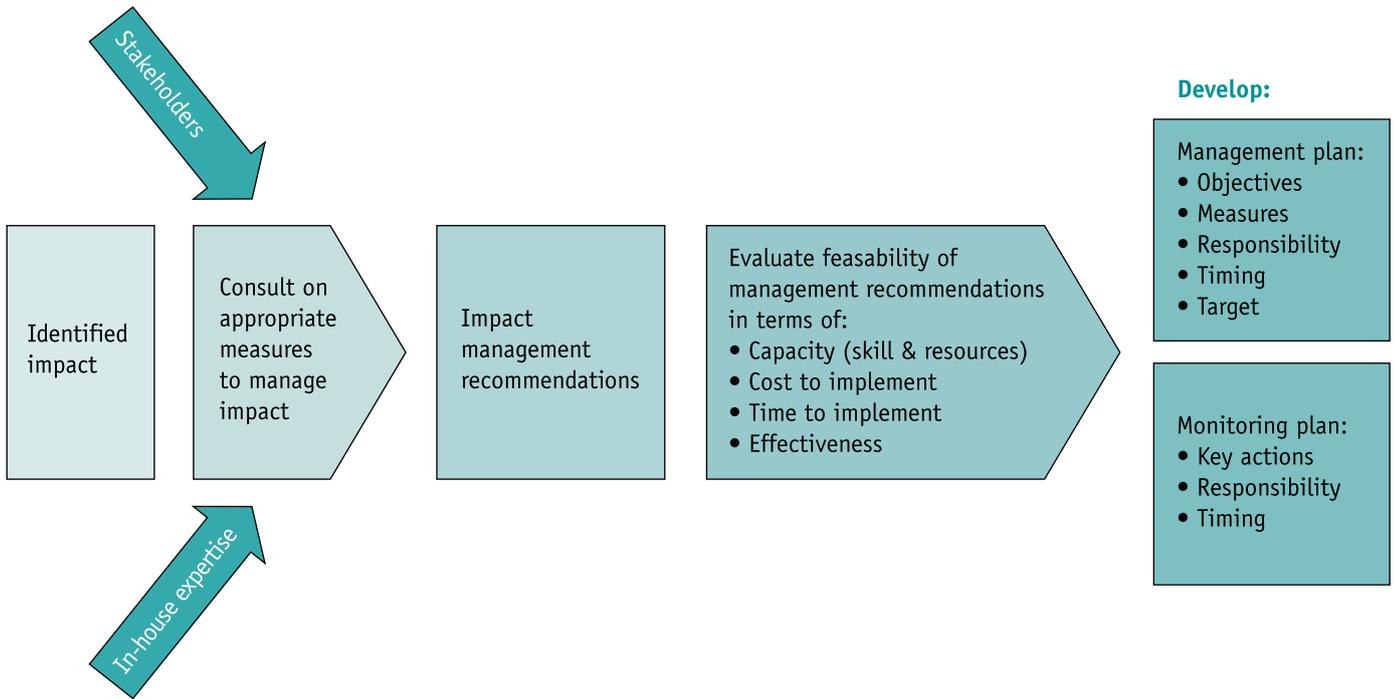
Stage 2: Evaluation of the Feasibility of Recommended Measures

In order to evaluate the feasibility of each recommended management measure, the operation needs to consider the following:

- strategic socio-economic management or community relations objectives, and how potential measures will contribute to these;
- whether the recommended management measure will be effective;
- whether the resources and skills are available within Anglo or among local partners to implement the measure (See *Tool F4* for more details on partnerships);
- the approximate cost required to implement the measure; and
- the time required to implement the measure.

By understanding these factors, the operation should be able to gauge whether the recommended measures are feasible. If not, then alternative measures will need to be proposed and where appropriate, re-tested with stakeholders.

Figure E1.1 The Process of Management Measure Identification and Evaluation



E1.3.2 Key components of a management plan

Once the operation has agreed on overall strategy and identified suitable management measures, the Management Plan will need to be completed. *Table E1.1* provides an outline of the overall structure of a management plan.

- **Impact:** Insert the list of priority impacts and issues identified in *Tool C1* and *C2* (as summarised in *Table C1.2*), (eg disturbance to residents by dust caused by increased vehicle traffic).
- **Management Objective:** Document the objectives that the operation wishes to achieve through the management of each impact. Management objectives should describe what the operation wishes to accomplish through the management of each impact (eg prevent dust disturbance to local residents).
- **Management measure:** Document the management activity/activities that need to be undertaken in order to meet the defined objective/s (e.g. water roads twice daily).
- **Responsibility:** Document the individual who will be responsible for the implementation of the management measure (eg maintenance manager).
- **Management targets:** Quantify the target the operation wishes to achieve through management measures (eg zero complaints received about dust).
- **Key Performance Indicators:** Establish Key Performance Indicators (KPIs) for monitoring performance on the extent to which targets are being achieved or objectives met. Guidance on selecting and establishing KPIs is provided in *Tool E2*.

Box 1.1 Ensuring that the Operation is Managing the Cause of the Impact

When deciding on management objectives and measures it is important that the operation addresses those aspects that are causing the impacts. *Tool C1* identified the full range of aspects that were causing social and economic impacts. The information generated in this tool should be referred to when designing management measures.

However, it is not always possible to address the cause of an impact, as there are instances where certain activities are unavoidable, for example, land acquisition for mine expansion. In these circumstances, it is necessary to look further down the hierarchy of mitigation and to formulate management responses that address the impacts rather than the cause itself. Using land acquisition as an example, the mine could compensate residents for their land and loss of earnings, as well as assist in purchasing and preparing new tracts of land.

E1.3.3 Key Components of a Monitoring Plan

To monitor the effectiveness of management measures, *Table E1.2* provides an outline of the key components of a monitoring plan. It should be filled out as follows.

- **Impact:** Insert the list of impacts and issues identified in *Tool C1* and *C2* eg disturbance of residents by dust raised by increased vehicle traffic.
- **Monitoring measure:** Document how the management of this impact will be monitored, eg through monitoring of dust levels or through consultation with affected residents to get feedback on current dust levels.
- **Responsibility:** Document the individual who will be responsible for the implementation of the management measure, eg maintenance manager.
- **Timing/frequency:** Document how often monitoring of the impact should take place, eg Monthly
- **Reporting on the operation's KPI:** Document the data received on the operation's KPI.

Table E1.1 Key Components of a Management Plan

Impact	Management Objective	Management Measure	Responsibility	Timing	Targets	Selected KPI
1						
2						
3						
4						
5						
etc						

Table E1.2 Key Components of a Monitoring Plan

Impact	Monitoring Measure	Responsibility	Timing/Frequency of Monitoring	Reporting on the KPI
1				
2				
3				
4				
5				
etc				

TOOL E2: DEVELOPING LOCAL KEY PERFORMANCE INDICATORS

E2.1 OBJECTIVES OF THE TOOL

The main aim of social and economic indicators is to monitor performance. Key Performance Indicators (KPIs) provide feedback on the extent to which an operation is achieving targets or meeting objectives that have been set. The information generated by these KPIs can also contribute to Group performance on issues of interest to investors and other stakeholders (eg in Anglo Sustainable Development Reports).

In addition to indicators that Anglo must report on at a global level (See Overview of the SEAT Process), there will normally be other key issues that need to be tracked and managed at national, regional and local levels.

Examples include:

- negative impacts of Anglo's operations that the Company is committed or obligated to address, perhaps as a part of agreed mitigation measures, such as unemployment caused by land purchases for mine or plantation development;
- positive impacts of Anglo's operations which it wishes to highlight and / or optimise, such as provision of local infrastructure; and
- local social and economic development priorities that Anglo operations are committed to supporting, for example through community social investments relating to literacy or health issues, particularly reduction of incidence of HIV/AIDS.

The objective of this tool is to highlight the range of social and economic development indicators that can be used, as well as provide guidance on how to select appropriate KPIs.

E2.2 WHEN TO USE THE TOOL

The tool should be used once the priority impacts and issues associated with the operation have been identified (as identified in *Tool C1* and *C2*) and, if relevant, once key objectives relating to community investment initiatives have been established.

E2.3 TOOL E2

As this tool is designed to cater for specific local circumstance, only general guidance on how to use it can be given. This tool should be used in conjunction with *Tool E1: Developing a Management and Monitoring Plan*.

Local KPIs can be developed to cover a wide range of potential issues. When developing KPIs it is useful to try and ensure that they meet a number of criteria – as illustrated in *Figure E2.1*.

The following steps will assist in the development of KPIs:

1. Identify priority issues.
2. Identify data that would provide an accurate indication of the success of efforts to manage the priority issues.
3. Use this data requirement to inform the selection of KPIs.
4. Before finalising KPIs, consider whether the indicator meets the criteria outlined in *Figure E2.1*.

Table E2.1 (overleaf) provides a long list of potential generic social and economic issues that could be used for tracking local issues. There will be others that may be suitable for the operation. These should become apparent during *Steps B* and *C*.

Please note: the operation should only use a limited number of local indicators that are directly relevant to the operation and the impacts /issues that have been identified during *Steps C and D*. Having too many will make it hard to focus management action on the key issues to address and may confuse stakeholders.

Impacts are normally only relevant if Anglo itself is a key influence, or if it is an issue the operation has committed to helping neighbouring communities with. The operation should NOT use all of the potential indicators below.

Figure E2.1 Ideal Criteria for Key Performance Indicators

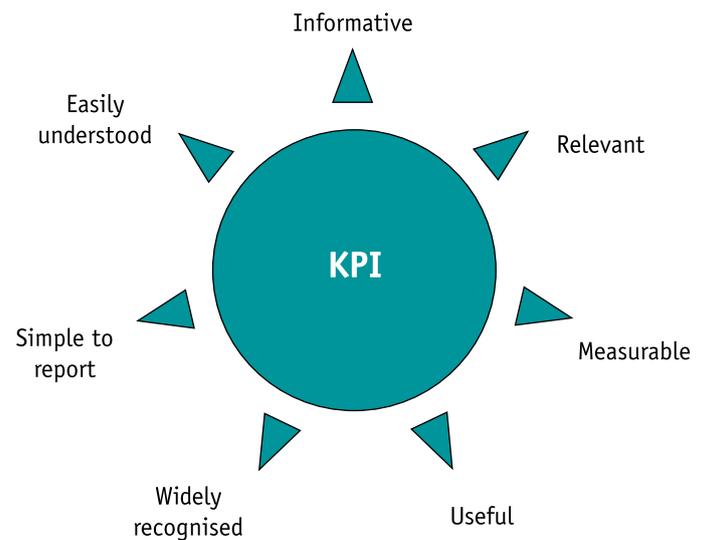


Table E2.1 Long List of Potential KPIs (remember to be selective)

For Issues Relating to Demography	For Issues Relating to the Economy
<ul style="list-style-type: none"> • Population - total growth and/or density, as relevant 	<ul style="list-style-type: none"> • Employment <ul style="list-style-type: none"> - total employment - employment type full time vs. part time - income levels - expenditure levels - proportion of Anglo employees from the local community - employment by industry - employment by occupational status or skills
<ul style="list-style-type: none"> • Average household size 	
<ul style="list-style-type: none"> • Male/female ratio 	
<ul style="list-style-type: none"> • Age make-up 	
<ul style="list-style-type: none"> • Linguistic, faith or ethnic composition 	
<ul style="list-style-type: none"> • Linguistic, faith or ethnic composition 	
For Issues Relating to Governance (Local, Regional and National Government) and Infrastructure	<ul style="list-style-type: none"> • Unemployment levels
<ul style="list-style-type: none"> • Spending on public services in the area 	<ul style="list-style-type: none"> • Local business/ industries <ul style="list-style-type: none"> - number of industries/ businesses - percentage by Anglo of procurement sourced locally - employment - growth rates - ownership – percentage local or in hands of minority or disadvantaged groups
<ul style="list-style-type: none"> • Proportion of population who participate in elections 	
<ul style="list-style-type: none"> • Percentage of population served by <ul style="list-style-type: none"> - health care - fire services - libraries - waste collection and disposal - other 	
<ul style="list-style-type: none"> • Resources <ul style="list-style-type: none"> - land - area, quality and/or use - marine/ freshwater resources - minerals - other 	
<ul style="list-style-type: none"> • Access to transport <ul style="list-style-type: none"> - car or other private motorised transport - bus / rail - bicycle - animal powered transport 	
<ul style="list-style-type: none"> • Energy sources <ul style="list-style-type: none"> - electricity – mains/ local - gas - mains/ local - wood and other biomass sources - oil 	For Issues Relating to the Community Relations
	<ul style="list-style-type: none"> • Health <ul style="list-style-type: none"> - life expectancy at birth - fertility rate - main causes of mortality – eg major diseases, such as HIV/AIDS - percentage of workforce retired or retrenched due to work related ill health or disabilities - suicide rates - percentage of population suffering from depression
	<ul style="list-style-type: none"> • Housing <ul style="list-style-type: none"> - numbers of households - types of dwellings - quality of dwellings – percentage with running water - internal facilities - dwellings by tenure - house costs, trends

- Crime

- number and types of crimes committed
- criminal acts against Anglo property or staff (eg theft, vandalism, assault, arson)
- expenditure by Anglo on security, other property protection activities and repairs caused by malicious damage

- Education

- child / adult literacy
- types of qualification / levels
- enrolment ratios - primary, secondary, tertiary
- school attendance / truancy

- Equality and diversity

- percentage of supplies or contracts purchased from disadvantaged suppliers
- ratio of percentage of senior managers from disadvantaged groups in the company to percentage of the local population from those groups

- Ownership of consumer goods - percentage of households with

- Refrigerator
- TV, radio etc
- telephones – landline or mobile
- personal computers and internet connections

For Issues Relating to Community Relations

- Number of incidents of vandalism to Company property

- Cost of security measures

- Extent and nature (positive, negative) of feedback received from local stakeholders

For Issues Relating to Consultation

- Extent of feedback received from stakeholders

- Diversity of stakeholders responding to Anglo consultation activities

- Extent of participation in consultation meetings

For Issues Relating to Community Investment

- Number of people benefiting from recipient organisation

- Extent to which beneficiaries have decreased reliance on external funding

- Extent of capacity building and skills transfer among disadvantaged residents

TOOL F1: INCREASING LOCAL PROCUREMENT AND OUTSOURCING TO SUPPORT LOCAL BUSINESS DEVELOPMENT

F1.1 OBJECTIVES OF THE TOOL

The value and potential impacts of procurement and outsourcing at an operation will far exceed the resources available for community social investment. A wide range of services and goods will already be purchased externally (for example fuel, vehicles, security and stationery). However, opportunities for local businesses to provide these goods and services are not always fully considered. Moreover, there is typically a wide range of other services that could be outsourced. Whilst outsourcing should always seek to generate business efficiencies, it can also play a major role in uplifting neighbouring communities through local business development (LBD), particularly if disadvantaged individuals can be included in the procurement process.

The objective of this tool is to identify these opportunities. In order to provide social and economic benefits to communities, the objectives of localised procurement and outsourcing should include:

- generating business benefits;
- a desire to stimulate the local small business base, and thereby help to diversify the local economy; or
- targeting disadvantaged groups and helping them to establish their own companies in order to contribute to social stability and to support their integration into society and the economy.

The target audience for this tool are managers responsible for developing outsourcing policy and managers responsible for community relations. This tool may not be relevant in developed economies where there is already a diverse economic base.

F1.2 WHEN TO USE THE TOOL

This tool should be used as the operation considers the types of actions that it could undertake to 'uplift' the local community and to contribute to long term sustainable development.

F1.3 TOOL F1

F1.3.1 Introduction

There are five key steps to assessing whether or not it is possible or desirable to expand local purchasing or outsourcing:

1. identify all of the goods and services that are currently, or could be, efficiently purchased or outsourced locally;
2. assess whether local businesses have the capability to supply some of the operation's needs without leading to disproportionate additional cost or negative quality impacts;
3. if not, is it possible to work with businesses to develop them so that they are competent to supply Anglo;
4. check to see if procurement tenders need to be broken up to make them accessible, or whether standard contract terms need to be amended to help local suppliers; and
5. ensure that increasing local purchasing activity by Anglo won't have adverse unintended consequences.

In order for an operation to make a success of local procurement and outsourcing it is important that a manager be identified to take the process forward. Local procurement should be made an explicit part of that manager's job description.

F1.3.2 Step 1 – Identify Goods and Services that Can be Purchased or Outsourced Locally

The following list of goods and services gives examples of what can be purchased or outsourced locally. They range from technical equipment or expertise through to simple, everyday supplies.

Operations should compile a list specific to their needs before assessing the capacity of local businesses to supply them.

F1.3.3 Step 2 – Do Local Businesses Currently Have the Capability to Supply the Anglo Operation?

The first task is to review the products and services on offer locally. Ideally, this should be proactive – the operation may find it necessary to assess local businesses rather than wait for them to take the initiative. The screening should identify whether local businesses have the potential to meet Anglo requirements with regard to:

- types of goods and services required on site;
- volumes required;
- cost competitiveness/value for money;
- availability of finance for investments that may be required to supply the operation; and
- quality and reliability of supply (use skills as a proxy measure if information is limited).

Local businesses should be assessed using a simple matrix, shown below.

Table F1.1 Opportunities for Outsourcing

Easier to Outsource Locally	More Difficult to Outsource Locally
<ul style="list-style-type: none"> • security; • buildings maintenance; • general vehicle maintenance; • fuel supply and vehicle refuelling; • laundry; • catering; • food supply; • accommodation (provision/management) • employee transport; • land management, including forestry, agricultural and gardening functions; 	<ul style="list-style-type: none"> • maintenance of specialist machinery • transport of inputs and outputs; • clinics; • recruitment and assessment; • temporary staffing; • training; • payroll; • civil engineering; and • specialist services, eg laboratory services.

Table F1.2 Local Supplier Assessment

Business and Product	(a) Output Useful to Anglo (Y/N)	(b) Volumes Adequate (Y/N)	(c) Cost Competitive (Y/N)	(d) Quality Acceptable (Y/N)	(e) Reliability of Supply Acceptable (Y/N)	(f) Overall Suitability (Low/Medium/High)
A						
B						
Etc						

In drawing the boundaries for such an assessment, the focus might appropriately extend beyond the purely local to include the potential of the region. Particularly where other mining and similar industrial activities are present, there may be a potential regional market for the goods and services.

It is desirable that the local community is involved in the assessment:

- Community involvement will help raise awareness of the local business development possibilities and organisations, such as the local Chamber of Commerce, may be able to assist.
- Financial assistance may be available from development agencies for assessment purposes, as well as for capacity-raising and training purposes.
- Impediments to local business development may well reside in the local regulatory process (eg, licensing). Local government should be involved at an early stage in order to identify and overcome such impediments.

F1.3.4 Step 3 – Dialogue with Candidate Suppliers to Identify What Assistance is Required

Where local businesses are identified as being suitable, discussions should be held to highlight opportunities, explain tender procedures and opportunities, and identify any assistance that might be required to enable local firms to have a chance of securing contracts.

If there are companies that could potentially meet Anglo's requirements, but require significant assistance to meet the required standard (eg help for investment, training), then consider what support the Company might be able to provide. Suitable types of assistance are described in *Tool F2*.

F1.3.5 Step 4 – Consider Amending Contract Arrangements

To achieve efficiencies, procurement policies often aggregate a range of goods and services into single contracts, or stipulate payment terms that small businesses would not have the working capital to sustain. Whilst

generating value for money, such an approach might preclude local suppliers from bidding to supply an operation, as local businesses may not be able to offer the full range of goods or services.

Therefore, consideration should be given to breaking up contracts and offering more lenient payment terms, so that there are work packages that local firms can bid for. For example, contracts for engineering supplies could separate simple elements, such as basic hardware, from more sophisticated engineering goods, such as specialist machinery. Or construction contracts could separate simple tasks, such as drainage or site clearance, from more complicated civil engineering activities⁽¹⁾.

F1.3.6 Step 5 – Ensure there are No Adverse Effects from Increasing Local Supplies

The performance of local suppliers, especially if new and inexperienced, is likely to require close monitoring and supervision. These tasks should be made an explicit management responsibility.

Increasing opportunities for local businesses will normally have a positive impact on local communities. However, in some circumstances, increasing local purchasing or outsourcing could have negative consequences, for example if purchases counteract plans to reduce the dependence of the local economy on the Anglo operation (such as when an operation is preparing for closure). In rare cases, Anglo could also 'crowd out' other businesses by consuming a high proportion of locally available skills or materials, although this will only be the case if there are no options for increasing supply (for example if the host country prevented in-migration of workers to an area).

Managers might appropriately consult with local development authorities and community leaders to see if there are concerns in this regard.

F1.3.7 Action Points

Some specific actions that local managers can take to support local procurement where this is appropriate are listed in *Box F1.1* (right).

(1) See p14 of "Good Neighbours. Our Work with communities" for an example of how this will be achieved at the Gamsberg Zinc project in South Africa. Available from the sustainable development section of the Anglo website

Box F1.1

Possible Actions to Support Local Procurement

- Make the potential for LBD a specific requirement for the procurement manager or appoint a specific LBD manager.
- Start a database of potential local suppliers and inform them of any new opportunities that may arise.
- Provide or facilitate business-training courses for potential local entrepreneurs and mentoring for successful contractors.
- Advertise and ensure that local communities are aware of procurement opportunities.
- Monitor the award of supplies and ensure that local businesses are involved in the process.
- Ensure that managers, and especially the mine manager, are aware of the need for LBD and seek to address any concerns (eg regarding the quality of work or promptness of delivery).
- Where the access to finance for contractors is difficult, consider ways in which assistance in overcoming the difficulty might be provided. This does not necessarily mean providing finance directly as such a route might increase the operation's credit risk, but could involve working with suppliers to access third party finance.
- Ensure prompt payment to suppliers and consider preferential payment terms in order to improve supplier access to funds.
- Monitor local supplier performance and seek to identify reasons for any poor performance.
- Investigate possibilities for joint procurement with any neighbouring firms.
- Consider sub-dividing contract size to allow smaller local suppliers access to larger contracts.
- Consider identifying local procurement key performance indicators for the business development officer; consider setting targets.
- Identify cases where supply contracts might have been awarded to locals but were not and assess whether assistance could be given to address the cause of failure.
- Assess the scope for existing services that are provided in-house to be out-sourced and inform local businesses and potential businesses of the opportunities (ie including the incumbent workforce providing the service).

Consider the scope for supporting potential new businesses through providing loans and short-term equity participation coupled with mentoring support.

TOOL F2: ESTABLISHING NEW COMMUNITY SOCIAL INVESTMENT INITIATIVES

F2.1 OBJECTIVES OF THE TOOL

The objective of this tool is two-fold:

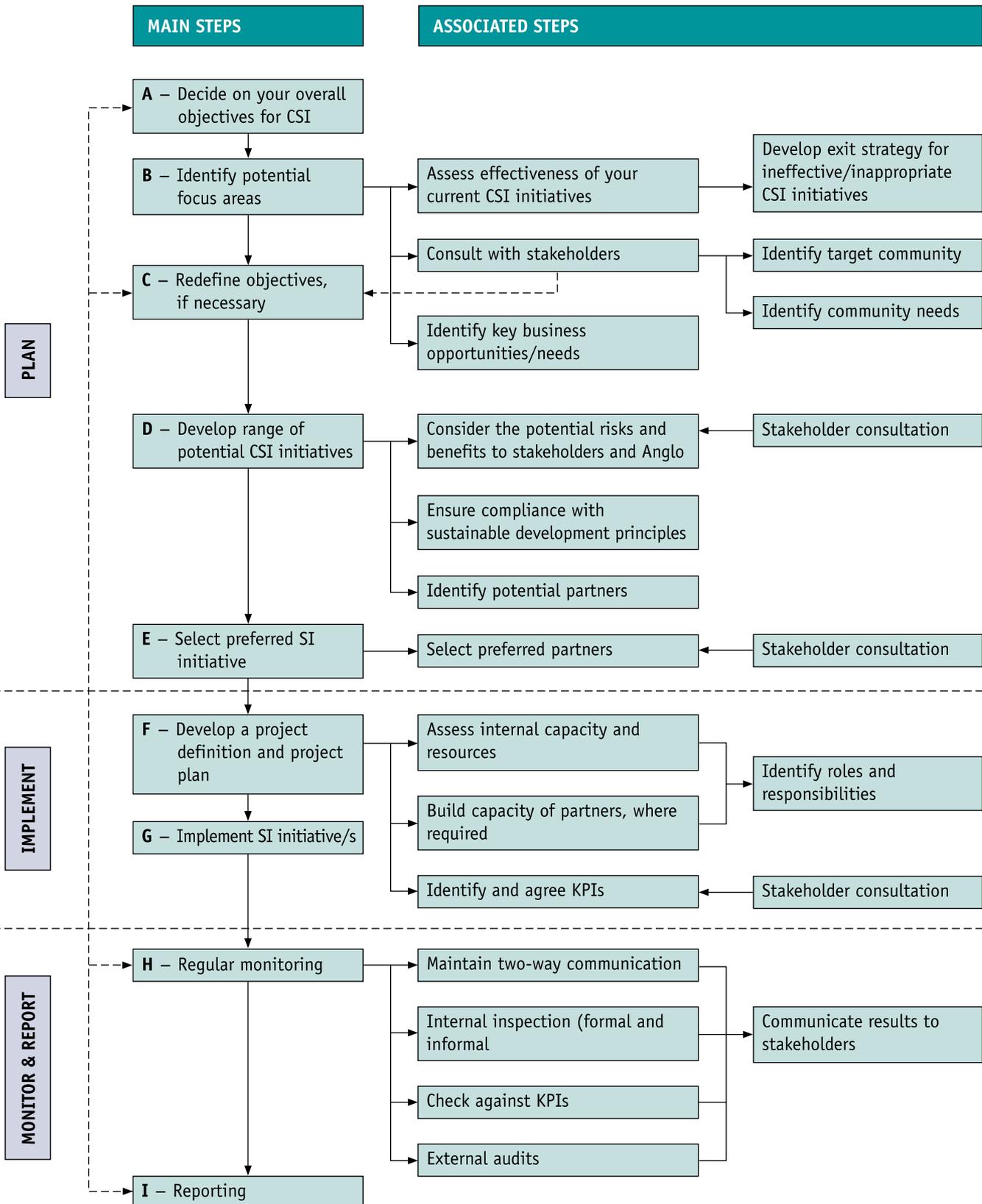
- Firstly, to ensure that the selected community social investment (CSI) initiatives are locally appropriate and sustainable in the long term.
- Secondly, to provide guidance on how Anglo can advise new community projects and businesses, as part of their CSI initiatives.

F2.2 TOOL F2

Tool F2 should be used by Anglo staff who have responsibility for formulating and implementing CSI initiatives. *Tool F2* is divided into two parts:

- Section *F2.2.1* and Figure *F2.1* provide a step-by-step guide for establishing a CSI initiative. The steps outlined in this guide represent current best practice on CSI, and therefore identify the full spectrum of activities that would ideally be required. Individual operations are however encouraged to use their discretion regarding their conformity with all the suggested steps – this will largely depend on the scale of the proposed initiative, and whether the budget and timeframe for the initiative/s warrant the full spectrum of detailed steps outlined in Figure *F2.1*. Those steps that are considered to be essential are highlighted with red borders.
- Section *F2.2.2* provides brief guidance on how Anglo can advise community projects and new businesses, as part of their CSI initiatives.

F2.2.1 Key Steps For Establishing Community Social Investment Initiatives



F2.2.1 Key Steps For Establishing Social Investment Initiatives

Stage 1: Planning Phase

The first step in the Planning Stage is to **decide on the overall objectives for CSI initiatives**. These objectives can be designed to meet relevant Anglo policies, to address local needs and priorities, and/or to address the needs of the operation (eg improving community relations, building local skills required for future employment purposes etc). Regional or local development plans (and the development objectives they contain) can also play a useful role in shaping the objectives for CSI initiatives. These objectives will become the framework within which subsequent decisions are made regarding specific social investment initiatives.

When **identifying potential focus areas for CSI initiatives**, it is useful to reflect on the **effectiveness of existing initiatives** (see *Step C6: Identifying and Evaluating Existing Community Social Investments*). Incorporating these findings will ensure that the operation can transfer the lessons learnt and successes from existing projects. In some instances, it may be necessary to exit from inappropriate/ineffective projects - although this should be done in a way that limits the impact on beneficiaries (eg timely communication of the decision to exit, and phased withdrawal or providing assistance with identifying other sources of support or funding etc). Consulting with stakeholders during the planning phase is essential to ensuring that the operation understands which communities to target, and what the local needs are. Local needs may have already been identified during the consultation process (eg in Step B of the SEAT assessment or in existing consultation activities). In some instances, an in-depth needs assessment may be required. Information gathered during consultation may require the operation to re-define the objectives for CSI.

Groups that the operation need to consult include local residents, local NGOs, local government and the donor community, where appropriate. Local NGOs and local government may be able to assist in identifying needs (and development objectives) within the community, as well as verifying whether the needs identified by local residents are authentic. However, the operation should be aware that its priorities might not reflect those of the community. When identifying potential CSI focus areas, operations may also decide to identify key business opportunities/needs that can be simultaneously addressed as part of the CSI initiative/s. In this way, the selected CSI initiative/s can be designed to address both community needs and needs within the operation.

When **developing the range of potential CSI initiatives**, it is important that the operation give consideration to the potential risks and benefits that could arise as a result of each proposed initiative (eg tensions between beneficiaries and those that have not been targeted; negative impacts on proposed beneficiaries [See *Box F2.1*]; improved community relations; benefits to Anglo [eg improved local skills base] etc). Thinking this through will allow the operation to select initiatives that bring maximum benefit to both the operation and the beneficiaries. Consulting with stakeholders will assist the operation in understanding what these benefits and risks may be. When selecting the preferred initiative, the operation should also consider the extent to which the potential initiatives meet sustainable development principles (see *Tool C6, Table C6.2, Question 3: Do The Projects Bring Long Term, Sustainable Benefits To The Target Community?*). Where relevant, attention should also be given to the identification of suitable organisations with which to partner for the design and implementation of CSI initiative/s (see *Tool F4* for detailed guidance on how to set up partnerships).

Box F2.1

The Importance of Understanding Who Benefits

The case study below, drawn from the World Bank Social Analysis Electronic Sourcebook (<http://www.worldbank.org/socialanalysisourcebook/case1.htm>), provides an insightful illustration of the importance of understanding who benefits or loses as a result of interventions. These dynamics need to be understood prior to any intervention.

“In allowing existing local authorities to define the community’s needs and priorities without considering gender or ethnicity, the small-scale infrastructure projects implemented under the project were based solely on the interests of traditional local decision-makers, some of whom had personal political ambitions. These leaders concentrated on physical infrastructure such as roads, community buildings, and a clinic - concrete manifestations of achievement that they hoped would win them votes. They required the community to help with the construction. This disproportionately increased the work burden on women, who now had to juggle construction with child rearing and agricultural work. The roads and clinics were located far away from the houses of the village’s ethnic minorities”.

Stage 2: Implementation

For the Implementation Stage to be successful, it is essential clearly to develop a Project Plan. Defining the project should be done in consultation with beneficiaries and, where relevant, partners.

The Project Plan should clearly state: project objectives, project activities, timetable, roles and responsibilities (including for selected partners, where relevant), dedicated resources (both financial and non-financial), and key performance indicators (KPIs) for monitoring purposes. Although the level of detail in the Plan will vary, depending on the scale of the CSI initiative, clear planning is critical to the success of initiative/s and should therefore be prioritised.

For the Project Plan to be effectively implemented, it is essential that the operation assess and address internal capacity and resources to deliver on the Plan’s commitments. Anglo operations will also need to ensure that external parties involved in the selected initiative/s have adequate capacity to deliver on their responsibilities. This assessment of internal and external capacity should then inform the allocation of roles and responsibilities within the Project Plan.

Key Performance Indicators (KPIs), which will help to track the success of the initiative, should be developed in consultation with beneficiaries and partners.

Stage 3: Monitoring and Reporting

The overall objective of the Monitoring and Reporting Stage is to monitor the effectiveness of initiative/s. This should take place on an on-going basis. At a minimum, monitoring should be carried out through maintaining open lines of communication with stakeholders, allowing for feedback on performance, as well as periodic informal inspections of the day-to-day running of the initiative/s. The latter may just involve periodic visits and observations. However, operations may also choose to carry out more formal inspections and/or formalised assessments against measurable goals and KPIs. Involving external parties in monitoring activities (eg via an external audit) will also provide useful feedback for improved performance.

Findings from monitoring should be communicated to beneficiaries and partners (and other relevant stakeholders), and should be incorporated to improve or modify CSI initiatives. Where applicable, these findings can be used for reporting purposes.

F2.2.2 Advising Community Projects and Businesses

Throughout the world, Anglo operations are likely to come into contact with, or be directly approached by, external community projects and/or businesses that are seeking advice. Typically, advice is required on issues such as:

- business planning;
- funding;
- marketing;
- commercial contracts;
- book keeping / accounting;
- quality assurance;
- recruitment and training; and
- compliance with local legislation.

Because of this, the majority of countries in which Anglo operates have government sponsored assistance schemes. These range from sophisticated small business advice services funded by governments in many OECD countries, as well as in South Africa, to less well resourced Chambers of Commerce and central government initiatives, to work done by international development agencies and NGOs. Such services should be easy to find – local, regional, or state governments should be able to put the operation in contact with their schemes. In developing and transition economies, there are usually also community small business assistance programmes.

Given the range of advice sources available, Anglo managers can best support new entrepreneurs by:

- helping to identify sources of advice and finance;
- helping to prepare applications for assistance and funding in a professional manner; and
- acting as a mentor once projects have been approved (see *Box F2.2*).

Box F2.2

Key Roles of an Individual Project or Business Mentor

- Establish clear ground rules about what assistance will be offered, and what will not
- Act without personal interest – do not accept payment or a stake in the business
- Act as a friendly, supportive expert, not a person with authority who has control
- Help the client to find solutions, don't provide them (mentors are not consultants)
- Meet on a regular basis, and be available on an ad hoc basis when necessary
- Check that essential actions, such as preparing financial accounts, safety training or taking out relevant insurances, are undertaken
- Prepare a regular progress report, to be discussed within the business and, if applicable, any sponsoring organisation
- Highlight areas where the business needs training or professional advice (eg legal)
- Identify sources of information, advice and training
- Ask questions about future plans, but also be prepared to give the operation's opinion (even if it is just "you should get proper advice / training" etc
- Accept that it is their business or project, not the operation's, and that failures do happen

Anglo American has a well-regarded approach to small business development through its Zimele unit in South Africa. For further details contact Nick van Rensburg nvanrensburg@angloamerican.co.za.

TOOL F3: DEVELOPING HUMAN CAPITAL

F3.1 OBJECTIVES OF THE TOOL

The objective of this tool is to provide guidance on some of the generic steps that need to be carried out when assessing and developing human capital. Human capital consists of the skills, experience, education and knowledge required to undertake productive work and contribute to community life.

Anglo's contribution to the development of human capital can take place in two spheres: (a) within an operation's perimeter fence amongst employees; and (b) within neighbouring communities. Given that a proportion of Anglo employees may be from local communities, the decision could be about the extent to which capacity is built beyond the existing workforce.

The development of human capital within the workforce and neighbouring communities is identified as an objective within Anglo's 'Good Citizenship' Business Principles.

Box F3.1

Human Capital Development within the 'Good Citizenship' Principles

- 'We aim ... to enhance the capabilities of the communities of which we are a part'.
- 'We seek to make a contribution to the economic, social and educational well-being of communities (associated with our operations), including through local business development and providing opportunities for workers from disadvantaged backgrounds'.
- 'Promoting workplace equality and seeking to eliminate all forms of unfair discrimination'.

Anglo has stated a commitment to sustainable development and, within this, aims to balance the depletion of natural/environmental capital through enhancing the social and human capital of the regions in which it operates. To begin to make a reality of such concepts it is necessary to have an understanding of the state of local human capital as an element in long-term closure planning.

The benefits of investing in the 'human capital' of employees include: compliance with national legislation (eg in South Africa, the Empowerment Charter and Employment Equity Act); better enabling staff to fulfil their job description; improving adherence to health and safety standards, a more motivated and capable workforce, and reduced staff turnover.

Benefits of investing, directly or in partnership, in human capital beyond the workforce include:

- increasing opportunities for outsourcing various Anglo activities, through increasing the capacity of local businesses;
- decreasing dependence of neighbouring communities on the Anglo operation;
- increasing the labour pool from which to source local employees (increased local employment generally has a positive impact on community relations); and
- contributing towards a more stable community, particularly where the development of human capital contributes to increased quality of life and decreased poverty and associated ills.

This tool focuses primarily on the development of human capital beyond an operation's existing workforce. Regardless of the focus of the operation's human capital development, it is highly desirable that, where possible, the skills, jobs or enterprises that are created are sustainable beyond the eventual closure of the Anglo operation. The shorter the remaining 'life' of the operation, the more important this becomes.

F3.2 WHEN TO USE THE TOOL

This tool can be used at any stage of an operation's lifecycle, with the exception of closure. In the context of the SEAT process, the tool is best implemented after the completion of *Tool C5: Calculating Total Employment Generated by the Operation* and *Tool C6: Identifying and Evaluating Existing Community Social Investments*. In this way, information gathered on community social investment (CSI) and employment issues can be fed into decisions on human capital development.

F3.3 TOOL F3

The development of human capital (in the context of Anglo operations) has been divided into five key steps:

- Step 1: Identify Objectives
- Step 2: Situational Analysis
- Step 3: Detailed Needs Analysis and Skills Inventory
- Step 4: Identify Target Population and Select Preferred Initiative
- Step 5: Develop Implementation Plan and Implement Initiative

These are described in more detail below.

F3.3.1 Step 1: Identify Objectives

As a first step, an operation needs to decide objectives for developing human capital. Two main options exist:

- **Option A:** to develop human capital with a view to meeting the operation's workforce and outsourcing requirements; and/or
- **Option B:** to tie human capital development into an operation's CSI activities, separate from direct operational requirements.

F3.3.2 Step 2: Situational Analysis

As part of the early planning phase, an operation should carry out a situational analysis of: (a) existing human capital development initiatives; (b) the organisations that are involved and associated beneficiaries; and (c) the current state of human capital within target communities. The focus should be on developing a general overview of the situation. A more detailed study will follow in *Step 3*.

The organisations that should be consulted to gather this information include local businesses, local and provincial governments, industry associations, development agencies, universities and technical colleges, and community leaders. Key questions that should be explored are as follows:

- What projects (relating to human capital) are already being implemented in the community?
- Which sectors of the community are benefiting?
- What have been the key successes and failures of the various projects?
- What is the current state of human capital in the local area, including key skills gaps, both currently and in the future?

These discussions will assist Anglo in deciding where to focus attention, and whether or not to consider partnering with external organisations. Consultation will also help to prevent a duplication of effort.

During these discussions, and throughout any human capital development initiatives, it is important that consideration is given to skills that are transferable and relevant beyond the eventual closure of the Anglo operation. In this way, an operation can proactively limit the social and economic impacts associated with closure.

The skills that an Anglo operation can most easily contribute to human capital development include: (a) knowledge and experience within Anglo; (b) time available for staff to participate in training or mentoring projects; and (c) the use of internal facilities (eg training centres, equipment etc). Where there are gaps between what may be required versus what Anglo can provide, external expertise/partnerships should be considered. See *Tool F4* for further guidance on establishing partnerships.

Box F3.2 The Role of Consultation in Internal Skills Development

Consulting with relevant organisations can be a useful step when developing human capital within the existing workforce.

- The operation may decide to seek external assistance for skills training within its workforce. A first step would be to identify relevant organisations that have the experience to help meet internal needs.
- In some instances, for example in South Africa, companies are required to provide employees with the opportunity to become functionally literate and numerate. Providing this training is likely to require external assistance, either in the development of training materials and/or the facilitation of the training programmes.

F3.3.3 Step 3: Detailed Needs Analysis and Skills Inventory

For human capital development to be appropriately targeted, operations need to ensure that their initiatives: (a) meet the needs of local businesses (present and future); (b) provide skills which are transferable beyond the eventual closure of the Anglo operation; (c) address existing skills gaps in the target community; and (d) reflect the aspirations of the target community. The following steps will enable operations to meet these 'objectives':

- Conduct a 'needs analysis' of skills required by Anglo and other businesses, both currently and in the future, including post closure.
- Consider, with potential partners (including local government, other employees and community based organisations) the medium term options for economic development in the area and the skills that might be needed to complement such plans.
- Carry out an inventory of existing skills within the target community, identifying gaps between what businesses require (both currently and in the future) and what is currently available.
- Develop an understanding of the skills/employment aspirations within the target community/ies.

The 'needs analysis' of required skills (both internal and external to Anglo), can be carried out through a workshop (this can be done as part of the situational analysis described in Step 2). Such a workshop might comprise company management, local businesses, chambers of commerce, local government and economic development agencies. This joint identification of needs can contribute towards a more integrated and sustainable approach to skills development within the local economy.

The skills inventory can be developed by conducting surveys in the target community/ies. This is likely to require assistance from external organisations, as surveys tend to be time intensive. Other potential sources of information on skills include, where available, recruitment agencies and publications advertising job vacancies, and for the operation's skills inventory, recent census information and educational institutions etc.

Information on the skills/employment aspirations within the target community/ies should be gathered through consultation. However, when assessing local skills/employment aspirations, care should be taken to manage stakeholder expectations regarding potential assistance. For this reason, it may be wise initially to consult at local authority/community leader level only, until there is greater certainty about the priority to be accorded to an initiative, its nature and the associated beneficiaries.

The main output from *Step 3* is a menu of potential human capital initiatives. *Tool F2: Establishing New Community Social Investment Initiatives (Section F2.2.1)*, provides guidance on some of the issues which need to be considered when developing the range of potential initiatives.

F3.3.4 Step 4: Identify Target Population and Select Preferred Initiative

Decisions about which community (or sector therein) to target as beneficiaries should be made according to carefully defined criteria. These criteria should be well publicised and consistently applied. This will assist in managing stakeholder expectations and will provide some protection against accusations of favouritism.

When deciding on beneficiaries, it may be useful to consider the following questions:

- What assistance is being provided by other agencies and to which groups?
- Does providing particular skills or helping any particular groups enable the operation to comply with legislative requirements or corporate commitments?
- Are there benefits to Anglo from providing particular skills or helping certain groups or individuals?
- Which individuals or groups have the greatest need?

Decisions about who to target should be made in consultation with organisations/stakeholders already working closely within the local communities.

When selecting the preferred initiative/s, it is essential that local consultation is carried out so as to ensure that initiatives have local support and buy-in. *Tool F2, Section F2.2.1* and *Tool G1, Section 1.3.3* provide further guidance on some of the issues that need to be considered when selecting preferred initiative/s.

F3.3.5 Step 5: Implement Initiative

Ensuring the success of the programme requires the development of a clear management and monitoring plan in which the following aspects are defined: project objectives, project activities, timetable, roles and responsibilities (including for selected partners, where relevant), dedicated resources (both financial and non-financial), and key performance indicators (KPIs) for monitoring purposes. For additional guidance, see *Tool E1: Developing a Management and Monitoring Plan* and *Tool E2: Developing Local KPIs*. *Tool F2 (Stage 2 and 3)* also provides guidance on key activities when developing and implementing the management and monitoring plan.

As part of implementation, the operation may want to consider the establishment of a mentoring programme. *Tool F2 (Box F2.2)* provides an overview of the key roles of a project or business mentor.

TOOL F4: HOW TO SET UP PARTNERSHIPS

F4.1 OBJECTIVES OF THE TOOL

The objective of this tool is to identify situations where partnerships will help Anglo businesses more effectively manage their contribution to local social and economic development.

F4.2 WHEN TO USE THE TOOL

The tool is designed for use by an Anglo team, some of whom will, ideally, have had some consultation or communications experience. Depending on the objectives of the partnership or area of focus, staff with specific technical, business and management experience may also be needed.

The tool should be used when:

- impacts have been clearly identified;
- stakeholder consultation and engagement has commenced;
- Anglo's key aims and objectives (with regards to management of impacts and other initiatives) have been determined; and
- when bringing other parties together to tackle an objective will either reduce the potential burden falling upon the Company, will bring additional networks or skills to bear or where it makes achieving the Company's or the community's social objectives more easily realisable.

It outlines each of the stages of development and key considerations at each stage.

F4.3 TOOL F4

F4.3.1 Understanding Partnerships

Why use the Partnership Approach?

Partnerships have the potential to deliver a number of business and community benefits, such as:

- Relationship-based and reputational benefits;
- Bringing additional perspectives to bear;
- Increased opportunities for sharing skills and innovation;
- Improved understanding with partner organisations and local communities;
- Greater ability to deliver with groups who may not be initially well-disposed towards the Company;
- Reduced dependency on the Company and generally higher levels of sustainability; and
- Leveraging resources from other partners, eg local or national governments or foreign development agencies and charities.

Working with another partner can, therefore, provide the opportunity to achieve more successful results and wider benefits for the community.

Defining Partnership

The term "partnership" is used as an all-encompassing description for a variety of opportunities for an Anglo operation to work with other organisations or individuals to deliver mutual goals. This could include anything from provision of financial assistance to sharing project management, (e.g. sponsorship, support-in-kind, local project funding, community development programmes). Different types of partnership can involve very different levels of commitment from the partners involved (e.g. an operation may simply provide financial assistance for an NGO to implement a community project or alternatively it may be fully involved in the process of management and implementation).

In the context of social investment the most successful partnerships generally encompass the following elements:

- a commonly defined goal;
- clearly identified roles and responsibilities based on the core competencies of the individual organisation;
- use of inclusive and effective stakeholder communication; and
- delivery of significant mutual benefits, which could not be achieved without working together.

Communication

Effective communication (two-way dialogue) between the partners is the most important single element of a successful partnership. Without it, the partnership is vulnerable to a breakdown in trust and exposure to negative stakeholder perceptions. The consequences of this will lead to failure to achieve the collective objectives the relationship was designed to facilitate.

Consultation with all stakeholders at all stages of partnership development is highly impractical and can be prohibitively time-consuming. Therefore, the key stakeholders should be identified at each stage of the partnership development. Alternatively, stakeholders could be consulted through the formation of a multi-stakeholder committee, with representatives from relevant stakeholder groups consulted at strategic points along the partnership development process.

F4.3.2 Partnership Development

The process requires the identification of potential partners that have similar objectives to those of the social investment initiative Anglo wishes to take forward and competencies that are complementary. This should be followed by joint exploration by the partners of whether a structured relationship can more effectively meet their mutual objectives.

The diagram in *Figure 4.1* illustrates the process of partnership development.

Exploring the potential for partnership should include consideration of the following issues:

- current relationships with potential partners (trust / understanding / communication);
- potentially complementary objectives and aims;
- understanding of the underlying interests of a potential partner, and the underlying interests in partnering with them;
- management capacity and division of responsibility (who will be the lead partner and how will conflicts be resolved);
- time allocation – partnerships can be time consuming, particularly during the development stages; and
- resource allocation – who will finance the partnership (equal division of time, budget)?

Figure 4.1 Partnership Development Processes



F4.3.3 Skill/Resource Requirements for Anglo team

Whoever is involved in the partnership needs to understand the aims of the mitigation and social investment initiatives. Training staff to ensure that they have some awareness of the process of partnership development and consultation processes is important in order to raise levels of awareness and prevent misunderstandings.

Prior to consideration of a partnership the operation must ensure that its own objectives and aims with regard to the social investment initiative(s) have been clearly defined. Until these have been clarified it will be much more difficult to ensure that a potential partner has compatible objectives. Operations may find it helpful to involve an external facilitation during the exploratory phase of discussions.

F4.3.4 Potential Partner Selection

A potential partner will usually be an organisation with a direct interest in the issue under consideration (e.g. an NGO with expertise and experience in the local community and on the specific element of social investment being considered, or a local business requiring support in order to become a direct supplier). The partnership will be most rewarding if each of the partners can offer the project and each other something that they would not otherwise have access to. This will include experience, finance, knowledge etc. Unless there is a reciprocal benefit then the partnership is unlikely to be successful.

Anglo will need to assess the risks as well as the benefits of working with a particular partner, (e.g. reputational impact, potential for conflict, the need for transparency, broader expertise, slower decision making, reduced control and, potentially, additional bureaucracy). The partners may have different underlying objectives (e.g. the Anglo objective may be to gain a licence to operate and minimise the risk of disruption, whereas the NGO objective may be to eliminate poverty). It is important for partners to understand these wider objectives and to explore how the project will meet them. Such discussions can lead to further actions by the partners that were not previously identified.

F4.3.5 Process Guidance for Developing a Partnership

The following text identifies the key considerations for each of the stages identified in the Partnership Development Process diagram above.

1. Anglo's aims and objectives for socio-economic performance:

- identification of key areas for partnering;
- internal decision-making on aims and objectives;
- assessment of capacity to implement these; and
- identification of gaps in expertise, experience and relationships.

2. Partner aims and objectives for social development and impact mitigation:

- assessment of internal aims and objectives; and
- assessment of capacity and gaps in fulfilling these.

3. Two-way dialogue and communication to achieve agreement on potential mutual aims and objectives for a viable and mutually beneficial partnership:

- transparent communication;
- open and honest discussion of aims, objectives and expectations from partnership;
- discussion of risks and opportunities; and
- agreement of partner roles and responsibilities (what each partner will bring to the partnership, eg specific expertise, finance, experience etc).

4. Planning and development of partnership action to achieve mutual aims and objectives:

- discussion of opportunities for achieving mutual aims and objectives;
- suggestion and appraisal of solutions;
- sharing of experience and knowledge;
- consideration of results of past stakeholder consultation;
- decision-making about action plan for mitigation measures or social investment;
- definition of resource requirements;
- definition of contribution to project/programme;
- communication with affected/interested stakeholders to discuss the proposed project/programme; and
- development of targets and milestones to assist monitoring and review once the project begins.

5. Formulation of a partnership agreement, including drawing up a signed document or Memorandum of Understanding that defines:

- roles, responsibilities and leadership;
- rights and obligations within the partnership;
- financial requirements and responsibilities of the project/programme;
- legal implications of the partnership agreement;
- arrangements for amending the agreement in the light of experience;
- timetable for implementation;
- expected duration of the partnership relationship;
- the monitoring and reporting requirements of each partner;
- conflict resolution strategies/grievance mechanisms;
- measures to mitigate threats or risks to the partnership; and
- exit strategy for termination of the agreement.

6. Implementation and operation of Partnership Agreement:

- community investment/mitigation project/programme put into practice;
- regular communication between partners and stakeholders to ensure that the programme is working and achieving progress towards the main objectives and aims; and
- implementation of actions by each partner in fulfilment of their agreed responsibilities.

7. Monitoring and review of partnership development and progress towards achievement of aims and objectives:

- periodic measurement of milestones;
- assessment of project/programme performance against targets;
- delegation of responsibility for improving performance;
- consultation with stakeholders to obtain their opinion of the project/programme's performance; and
- revision of partnership agreement.

8. Reporting to stakeholders:

- provision of information on performance and future action; and
- transparent communication.

9. Modification, planning and development for future partnership action and operations:

- identification of solutions to problems identified in the review stages should be discussed;
- discussion of the success of the partnership and its future objectives/direction; and
- discussion of need/potential for other partners to become involved in the project/programme.

The type of partnership, including its scope and aims will influence the development of the process. Some of the elements outlined above may not be relevant in all cases. This tool should therefore be used as a basic guideline.

TOOL G1: GUIDANCE ON CLOSURE PLANNING/PLANNING FOR THE FUTURE

Box G1.1

Risks of Talking About “Closure” to Communities

When using this tool it is important to consider the language used with local stakeholders. For example, whilst the term “mine closure” is widely recognised within the industry as referring to environmental remediation and rehabilitation, to many in the community “mine closure” will be synonymous with “community closure”. This may undermine confidence and also cause unnecessary alarm – for example the scheduled closure may be decades away and the basis of a smaller but still viable community may well exist by then. Therefore, when consulting with other stakeholders it may be beneficial to use more neutral terms such as “planning for change” or “planning for the future.”

G1.1 OBJECTIVES OF THE TOOL

Stakeholder expectations are increasingly that an operation’s closure planning will address not only environmental remediation but also the social and economic consequences of closure. These issues should, ideally, begin to be addressed many years before the anticipated end of an operation’s life. The objective of this tool is to help address key issues relating to downsizing or closure including:

- What will happen to Anglo employees who lose their jobs through down-sizing or closure?
- What will happen to Anglo’s local business partners?
- What will be the impacts on neighbouring communities?
- Is the community viable in the absence of Anglo operations (particularly pertinent in the case of purpose-built mining towns)?
- Who should Anglo work with to plan for the future?

The specific issues relating to post closure planning will substantially vary from location to location. For example, some mining operations may be located amongst communities that are wholly dependent upon an Anglo operation (and may in fact have been created by Anglo, by design or through the migration of people and businesses taking advantage of employment and commercial opportunities), whilst others are a smaller part of a more diverse local economy. Moreover, an operation’s role in considering issues such as the future viability of mine-related settlements will be greater in developing country environments. The challenges of diversification are much greater for remote sites. It is not possible to be prescriptive in relation to all these circumstances. Therefore, the objective of this tool is to outline a series of actions that Anglo operations can implement as a first step to considering the future.

This tool does not imply that Anglo American accepts a responsibility without limit for the stability or prosperity of communities currently associated with operations for years after closure. However, the Company aims, as part of its corporate responsibility commitment, to seek to use the economic activity generated by its operations to create opportunities for the advancement of local people. The operation of a mine, for example, may create a window of opportunity for development. The Company aims to play its part in supporting balanced and sustainable development and, where possible, to seek to cushion the long-term impacts of eventual closure.

The information gathered in this tool will feed directly into Community Engagement Plans (CEP) - specifically, those aspects of the CEP that detail planning for closure commitments/activities.

G1.2 WHEN TO USE THE TOOL

Planning for the social and economic consequences of changes in the size and scope of operations should commence at the earliest relevant opportunity. For operations with a predictable life, social planning for the future should ideally commence, in some form, up to 20 years before closure. However, planning should be flexible and allow for changing circumstances, affecting both the Anglo operation and the local community. For example:

- the Anglo operation may close earlier or later than planned, due to changes in the market for the product produced, regulations or technologies; or
- an isolated mining town might, over time, become a service centre for local agricultural communities, meaning that an intention to relocate populations and demolish the town may no longer be appropriate.

G1.3 TOOL G1

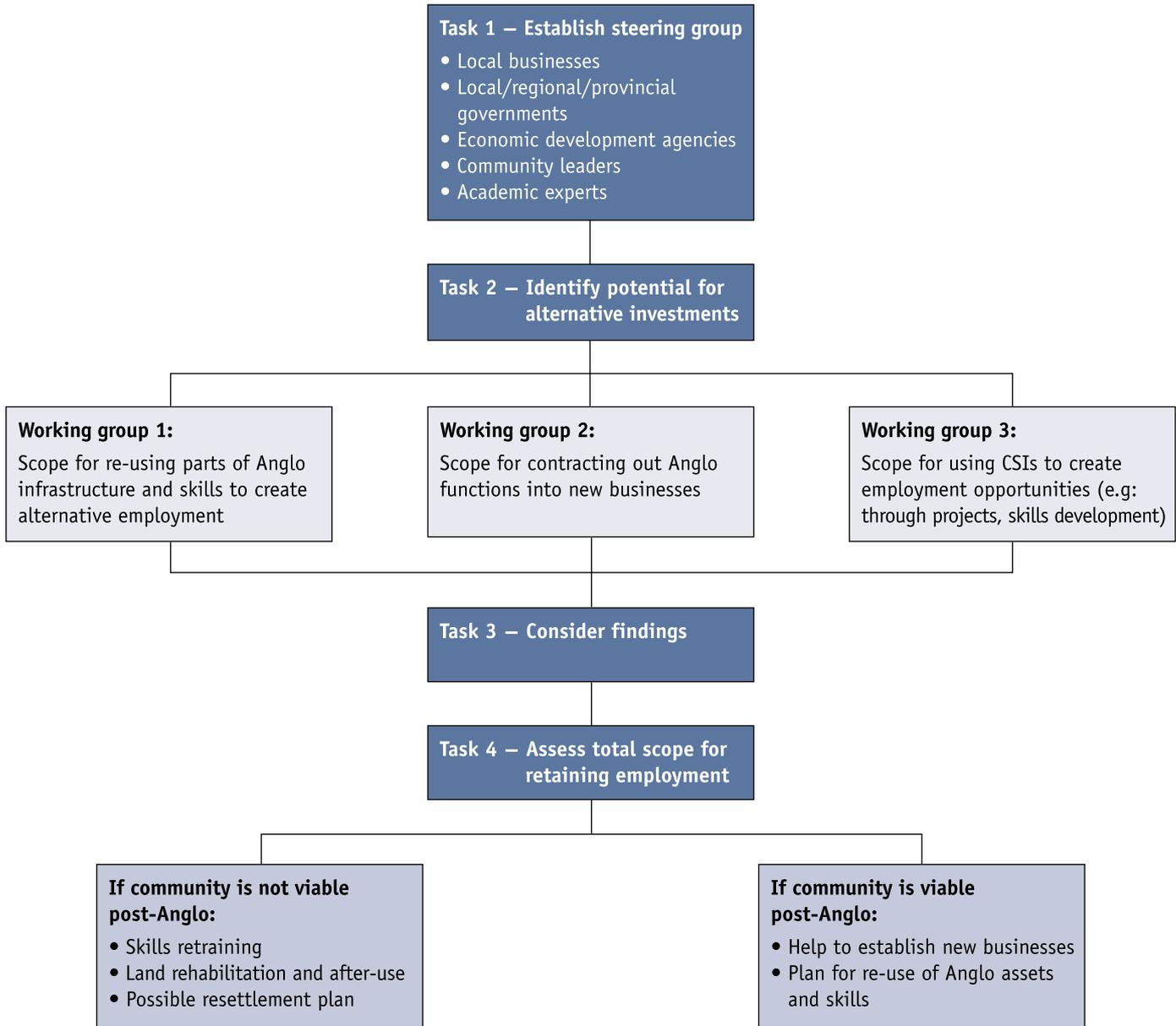
G1.3.1 Introduction

As discussed above, it is not possible to define desirable outcomes relating to closure planning (or “planning for change”) that are generic across the range of businesses and locations in which Anglo American operates. However, each operation can follow a simple process to help plan for the future. This process helps to address key questions such as the following.

- What other employment opportunities can be created?
- Would new jobs be sufficient to help ensure that the community has a viable future?
- What actions should Anglo and partners take either to support the viability of the community or to ensure an orderly closure?
- What are the reasonable expectations of stakeholders in this regard?

The process is summarised in *Figure G1.1* and described more fully below.

Figure G1.1 Social Planning for Closure: Summary of the Process



G1.3.2 Task 1 – Consider Establishing a Stakeholder Steering Group and Consult Widely

Downsizing or closing a Major operation will impact on a large number of stakeholders, many of whom have no direct connection with Anglo. It is therefore important to consult widely on what actions Anglo might take and to identify who else can make a contribution to future planning.

The membership of such a Steering Group might comprise:

- Anglo management;
- local community leaders;
- employee representatives, for example unions;
- local/regional or provincial government officers with responsibility for economic and infrastructure planning;
- independent experts, such as academics or specialist consultants;
- economic development agencies;
- suppliers and other local businesses; and
- other mining companies operating in the region, particularly if they face the same issues.

Although it may be Anglo's future plans that lead to the convening of the group, it may not always be right for a Company representative to lead it. Other candidates might include government officials or independent experts.

The Steering Group should take the lead in commissioning, managing and reviewing investigations into the future of the local economy and the impact that changes at Anglo operations will have on it.

The Steering Group might also oversee a stakeholder consultation process. The main elements of the consultation are similar to those outlined in *Step B*, although the emphasis should obviously be on the key issues relating to closure.

G1.3.3 Task 2 – Identify Potential Sources of Replacement Employment

Introduction

Potentially there are three key sources of new employment over which Anglo can have an influence:

- re-use of existing assets and skills;
- spinning out internal functions to form freestanding contractors that will base themselves in the community but service other companies; and
- employment generated through community social investments.

In order to assess the potential for new employment, working groups should be established. The working groups should have representatives from the key stakeholders on the Steering Group and should have the resources to commission necessary consultancy work. Ideally, each working group should have a full-time coordinator. The following sections outline how to assess the level of new employment that might be necessary. A structure for these working groups is explained below.

Identification of Assets and Skills with Future Beneficial Uses

The majority of Anglo operations involve a significant store of investment in equipment, infrastructure, facilities and people. Some of this investment has alternative uses that could sustain economic activity once the Anglo operation has downsized or closed. An important element of planning for the future is identifying what assets there might be, and what value these could have to the economy in the future.

An effective way of developing an inventory of assets and skills and possible alternative uses is to hold a workshop. The workshop might best comprise company management, local businesses, chambers of commerce, local government and economic development agencies. The objectives of the workshop might be to list relevant skills and assets, identify potential alternative uses and come up with a shortlist of the most promising options.

Once options have been short listed, feasibility studies should be undertaken to identify the likely viability of new uses for the assets or skills. The feasibility studies should include assessments of:

- any investment and operating costs;
- likely demand;
- income from user charges, product sales and other sources such as government grants/subsidies;
- level of employment likely to be created; and
- for skills, demand for similar labour in the local vicinity or further afield in existing companies.

Table G1.1 provides examples of physical capital, together with potential alternative uses (based on previous experience of re-using infrastructure). The types of capital and the potential alternative uses presented are not exhaustive.

In addition to physical assets, an inventory of skills in the area should be developed where they exist. Local economic development or inward investment promotion agencies should then be consulted to identify whether there are likely to be companies interested in utilising spare skills by establishing operations in the area.

Scope for Contracting Out Functions Into New Businesses

Tool F1 identified a long list of potential internal functions that could form the basis of independent businesses that need not be wholly dependent upon Anglo for custom. These include relatively non-technical services such as security through to more complex tasks such as vehicle and equipment maintenance.

In the context of closure planning, the emphasis should be on identifying internal functions and individuals that can serve customers other than the relevant Anglo operation. Key questions to ask include the following:

- Is there a demand for this service from other customers? If so how big is demand and what evidence is there of this demand?
- If services are provided to other companies in the mining industry, how long are the resources on which their activities are based going to last?
- Is the existing location a suitable base from which to serve other customers? For example, is it too isolated?
- How strong is competition likely to be?
- Do the individuals currently undertaking this task want to establish their own business?
- Do the individuals currently undertaking this task have the business skills to manage their own business, or are they prepared to learn them?
- What financial or other support would be required to establish the internal function as a freestanding business, and is this available?

Where there are promising prospects for establishing new businesses, advice should be sought from specialists in small business development. Potential sources of advice include:

- as noted above, in South Africa, the Anglo American Zimele⁽¹⁾ unit has small business development expertise, as do, *inter alia*, Mondi and Anglo Platinum;
- small business assistance programmes, which will be available in most countries that Anglo operates in;
- chambers of commerce and industry; and
- if other sources are not available, senior commercial managers within Anglo.

(1) Zimele provides investment finance and advice to new business projects on a venture capital basis. Zimele is profit making but focuses on developing businesses in disadvantaged communities with the goal of supporting social upliftment. See www.angloamerican.co.uk/social/smallbus.asp

Table G1.1 Inventory of Physical Capital and Identification of Alternative Uses

Example Item	Examples of Potential Alternative Uses
Site roads and tracks	Vehicle testing Motor sports (competitive / recreational)
Site roads and tracks	Passenger rail services Tourist rail services
Air strips	Local passenger airport Flying school Aircraft maintenance Business aviation/air charter Military or other government uses
Canals	Water based recreation Water source for, eg agriculture
Housing	Retirement housing Visitor accommodation Institutional uses, eg educational, training establishments (eg police, military, civil service) Community relocation
Training facilities	Education and training uses Office or laboratory space
Recreation facilities	Tourism Local leisure
Equipment workshops	Workshops for local transport or engineering businesses
Spoil heaps	Aggregates / construction fill material
Remediated/rehabilitated land	Agriculture Recreation, eg walking trails, off-road motor sports, dry ski slopes Habitats for rare flora and fauna
Water supply and storage – water treatment and supply	Other industrial uses Intensive, irrigated agriculture Aquaculture (eg fish farms)
Water supply and storage – dams, lagoons	Tourism, eg boating, fishing Commercial fish farming
Power supply – grid connections and distribution	Other industrial power users Energy production, eg from vented methane or renewable resources such as solar and wind
Power supply – generation	Sale to other local users Sale to grid

Scope for Using CSIs to Create Employment Opportunities

Tool F2 provides guidance on how to identify new community social investments, and gives examples of existing CSIs that may be of relevance to neighbouring communities. The operation should therefore follow this tool to identify CSIs that will be of relevance following closure or downsizing.

G1.3.4 Task 3 – Community Viability

Introduction

There are four elements to determining whether a community is viable in the long-term without the presence of the Anglo operation. These are summarised as a flowchart in *Figure G1.2* and described in more detail below.

Sub-task 3a – Was Anglo Responsible for Establishing or Significantly Expanding the Community

The extent of the Company's role in the future of a community will be partly dependent upon its role in establishing it. Where the community was established or significantly expanded by the operation it may be perceived to have a high degree of responsibility. Where this was not the case, or where other companies also became major elements of the local economy, the responsibility will be seen to be shared more broadly. Other relevant factors in determining Anglo's role will include, the nature of operating agreements with public authorities and local attitudes towards the role of business and government in community regeneration.

Sub-task 3b – Is Anglo Crucial to Local Economic Viability?

The future of neighbouring communities following Anglo's departure will clearly be partly dependent on how much of the economic base is reliant upon the Anglo operation. Where Anglo is only a small part of a broader economic base, it is unlikely that provision will need to be made for regenerating the local community. Instead, Anglo operations should give consideration to seeking to foster new job opportunities for its employees.

The exception to this is where the other local employers are also facing closure or major downsizing, for example other mines that are also near the end of their economic lives. If Anglo is the major local employer, or where the Anglo operation is one of a number of facilities facing closure, it may be necessary to consider the pros and cons of relocation

initiatives. This should be considered as a last resort and done in consultation, and partnership, with other stakeholders.

If community resettlement or relocation is considered to be a possible option it is very important that it should be managed sensitively. The Anglo Technical Department in Johannesburg has copies of World Bank guidance on resettlement.

Sub-task 3c – Can Significant Levels of New Employment be Created?

The results of the studies in Task 2 of this tool will have identified the scope to create employment from:

- contracting out existing Anglo functions into freestanding businesses;
- reusing Anglo infrastructure and skills for alternative purposes; and
- community social investments.

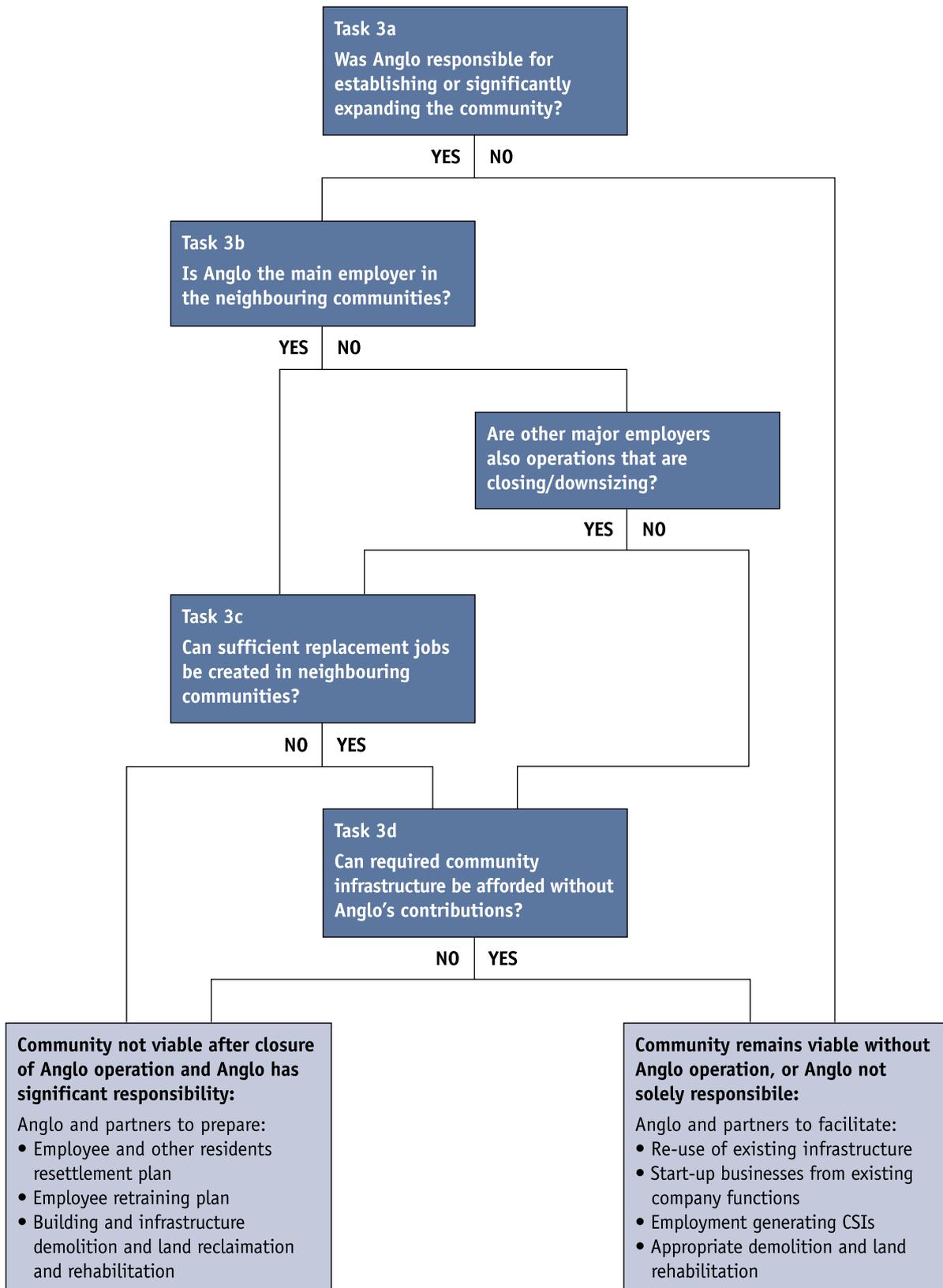
Where the community is heavily dependent upon an Anglo operation, long-term viability is likely to be dependent on the ability to create new employment. If new employment creation is not possible, relocation may need to be considered.

Sub-task 3d – Can Essential Infrastructure be Supported Without Anglo Contributions and Custom?

The final issues regarding community viability is whether essential community infrastructure that might form the basis of alternative employment and a viable community can be afforded in the absence of Anglo. Typically, communities will need a range of services to be viable, including:

- transport;
- potable water supply and sewage treatment;
- posts and telecommunications;
- education;
- healthcare;
- retail businesses, especially food stores;

Figure G1.2 Task 3 – Assessing the Company’s Role and Community Viability



- police and fire services;
- leisure amenities; and
- social care.

Anglo operations often make a significant contribution to supporting these through:

- direct custom (eg purchases from local shops);
- indirect custom (eg patronage by Anglo workers and their families);
- direct financial contributions (eg cash payments to support services); and
- indirect financial contributions (eg local government spending supported by Anglo taxes).

For example, in Queensland, Anglo Coal pays special mining rates that support services that would not otherwise be viable in rural, outback locations, whilst in South Africa Anglo operations often provide or contribute to health care and education. To assess the viability of these services a simple consultation and analytical process should be undertaken. This is summarised in *Figure G1.3* and described below:

- develop a list of essential community services, without which the community would not be viable, through a stakeholder workshop;
- for each service, identify the impact of closing or downsizing the Anglo operation under the categories of loss of:
 - direct custom;
 - indirect custom through employee and supplier expenditure;
 - direct financial support; and
 - indirect support (eg local government spend supported by Anglo taxes);

- estimate new income that could potentially be created from new employment sources estimated during *Task 2* above;
- identify whether there are any sources of funding or cost saving that may be available to support essential services, such as:
 - government grants, charitable trusts, community subscriptions; and
 - combining marginal services into one viable unit, for example combining shops with post offices;
- assess the implications for service viability; and
- assess implications for community viability.

The outcome of this process will be a structured, stakeholder driven assessment of the viability of neighbouring communities following the closure or downsizing of the operation. The next task is then to implement plans to prepare for the future. This is discussed in *Task 4* below. It is strongly recommended that a government agency, as the primary responsible party for infrastructure and services, lead this activity.

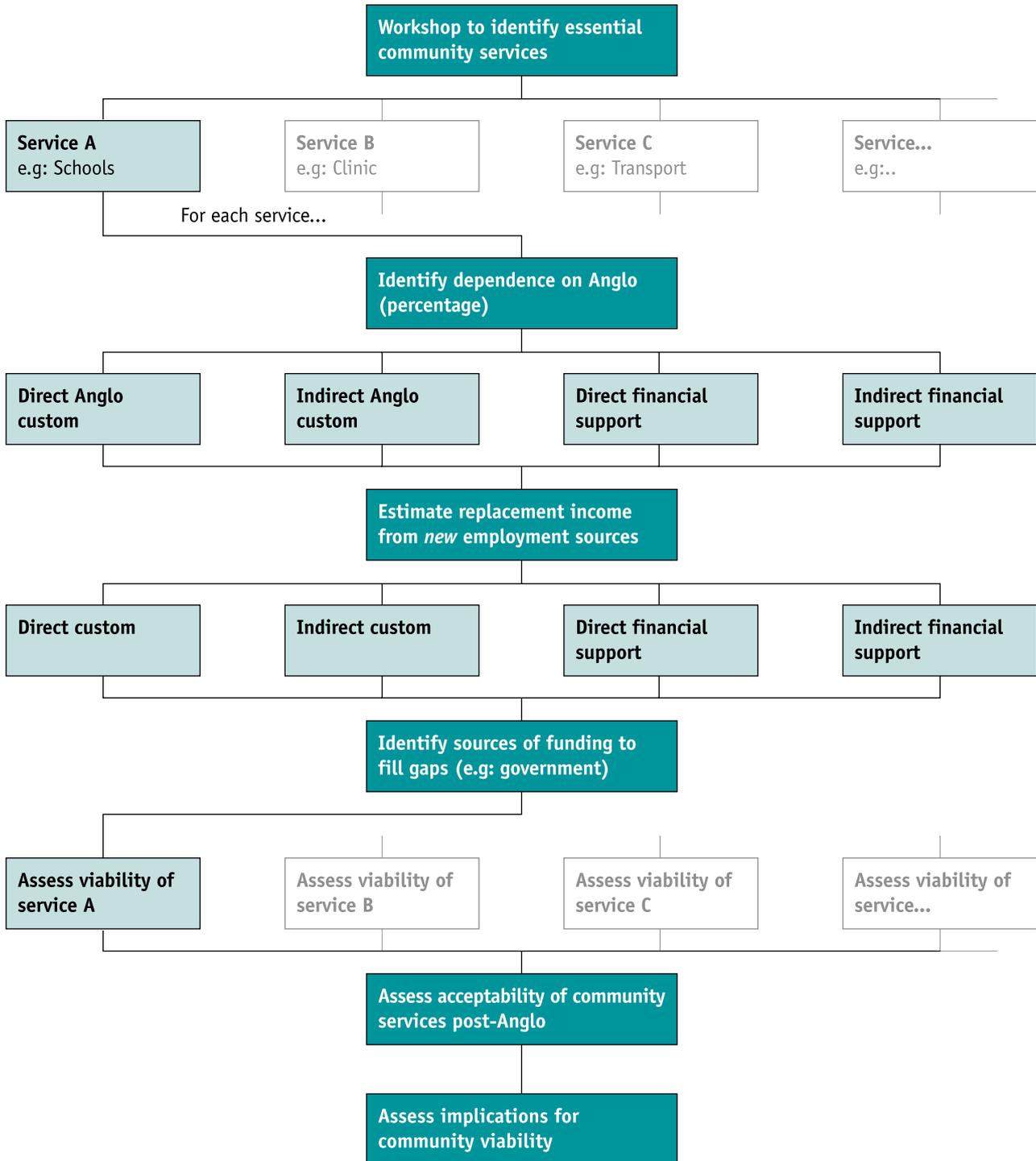
G1.3.5 Task 4 -Implementation

Non-viable Communities – Resettlement and Rehabilitation

If the conclusion of the evaluation exercise and the opinion of stakeholders is that the community will not be viable once the operation has closed it may need to plan for the relocation of its employees as well as operational closure. Depending on local circumstances, there may also be a need to relocate non-Anglo employees, although this should not be assumed. This will need to include the following:

- Relocation of those for whom Anglo has direct responsibility.
- Demolition of redundant structures and rehabilitation and restoration of land. Anglo Technical Department has detailed procedures for site restoration as a part of its environmental guidance.

Figure G1.3 Assessing Future Service Viability



Viable Communities –

Actions to Ensure Community Survival

If the conclusion of the evaluation exercise is that the community has a viable future after closure or downsizing of the Anglo operation, the working groups that identified future measures should be tasked with implementing them. This should be undertaken with support from within Anglo (to the extent deemed appropriate by managers) and in conjunction with local economic development agencies and other interested bodies (eg local government, chambers of commerce, charitable trusts, international donor agencies). The tools presented in Step F of the SEAT process will be useful in implementing these plans.

STAGE 4

Report the Results of the Assessment

TOOL H1: PRO FORMA REPORT TEMPLATE

H1.1 OBJECTIVES OF THE TOOL

The objective of *Tool H1* is to provide a report template for writing up the findings from the SEAT process. The template is designed to report on the findings that the various tools will generate. The structure of the template therefore reflects the different steps and associated tools in SEAT.

H1.2 WHEN TO USE THE TOOL

This tool can either be used step-by-step, as the results of the different tools are generated, or at the close of the SEAT process, once all the findings are available. The advantage of the latter is that it will enable users to reflect and report on the linkages between findings and provide an overall composite picture of the operation.

H1.3 TOOL H1

Table H1.1 provides a pro forma template for reporting on the results of the SEAT process, including a list of the tools that provide the required information for each section. The headings provided within the template should be used as guidance on report structure and on the required information. Please note that the logical order for reporting sometimes differs from the logical order for actually undertaking the assessment.

Table H1.1 Pro Forma Template for Reporting on and Updating the Results of the SEAT Process

1.	Executive Summary
2.	Introduction
3.	Objectives and Approach
4.	Overview of the Operation
4.1	Basic Information about the Operation Text to elaborate on key issues in Table 4.1.

Table 4.1 Basic Information About The Company's Operations

Date this operation was established:	<input type="text"/>	
Planned closure date, if applicable (if phased, please give details):	<input type="text"/>	
What is produced at this operation?	Product:	Output (tonnes/year):
1	<input type="text"/>	<input type="text"/>
2	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>
Turnover at this operation (US\$/year):	<input type="text"/>	
Wage costs for Anglo employees at this operation (US\$/year):	<input type="text"/>	
Budget for social projects, community sponsorship etc (US\$/year):	<input type="text"/>	

4.2 Suppliers and Contractors

Table 4.2 What Main Supplies Are Purchased From The Local Community?

	Item	Approximate Value (US\$/year)	Where Purchased From? (Company, Location and Whether from Disadvantaged Supplier)
1.			
2.			

4.3 Value Added (From Tool C3)

4.4 Taxes and Royalties (From Tool C4)

4.5 Employment (From Tool C5)

Table 4.5 Composition of Total Employment

Category of Employment	Numbers Employed
Direct employment	
Employment created by social investment activity	
Induced employment in the local community	
Total employment created by Anglo operation	
Total numbers dependent upon the Company for their livelihoods (calculate as total no. employees x average family size x average proportion of family income derived from Anglo)	

4.6 Exiting Social Management Systems (From Tools B1 and C1)

4.7 Exiting Community Social Investment Initiatives (From Tool C6)

4.8 Compliance with Anglo American Corporate Policy Requirements (From Tool C7)

4.9 Exiting Closure Plans

5.0	Overview of Neighbouring Communities
6.0	Social and Economic Impacts
6.1	Key Issues Identified by the Operation (From Tool C1)
6.2	Key Issues Raised by Stakeholders (From Tool B7)
7.0	Assessment of Issues and Impacts
7.1	Linking Issues Raised in Consultation to Anglo Activities (From Tool C1)
7.2	Significance of issues from Stakeholders Perspective (From Tool B7)
7.3	Identification of Priority Impacts and Issues (From Tool C1 and C20)
7.4	Appropriateness of Existing Community Social Investments (From Tool C6)
7.5	Planning for Closure (From Tool G1)
8.0	Management Responses to the Issues Raised (From Step E Tools)
9.0	Indicators and Monitoring (From Tools E1 and E2)
10.0	Contact Details for feedback and Further Information

ANNEX 1

LINKAGES WITH SOUTH AFRICA'S BROAD BASED SOCIO-ECONOMIC EMPOWERMENT CHARTER SCORECARD

South Africa's Broad Based Socio-Economic Empowerment Charter (BBSEE) for the Mining and Minerals Industry was launched in 2003⁽¹⁾. The vision for the BBSEE is to "create an industry that will proudly reflect the promise of a non-racial South Africa". The aims of the BBSEE are summarised in Box I.1.

A scorecard has been developed in order to give effect to the provisions contained within the BBSEE. The Scorecard will be used by South Africa's Ministry of Minerals and Energy to assess the progress of companies against: (a) the specific targets set in the Charter; and (b) those that are set internally by the companies concerned.

Although SEAT does not cover all aspects of the Scorecard, it does provide some basic guidance on meeting the requirements of various components of the Scorecard. *Table I.1* highlights where guidance is provided within the methodology toolbox for the different components of the Scorecard. Whilst this is South Africa specific, the table can be used by Anglo operations in other countries that are seeking to assist disadvantaged communities.

Box I.1 Aims of the BBSEE

1. Redressing the results of past or present discrimination based on race, gender or other disability of historically disadvantaged persons (HDSA's) in the minerals and petroleum industry, related industries and in the value chain of such industries;
2. Transforming such industries so as to assist in, provide for, initiate, facilitate or benefit from the:
 - Ownership participation in existing or future mining, prospecting, exploration and beneficiation operations;
 - Participation in or control of management of such operations;
 - Development of management, scientific, engineering or other skills of HDSA's;
 - Involvement of or participation in the procurement chains of operations; and
 - Integrated Socio-economic development for host communities, major labour sending areas and areas that due to unintended consequences of mining are becoming ghost towns by mobilising all stakeholder resources.

(1) For further information go to <http://www.polity.org.za/html/govdocs/misc/mining-charter.htm>

Table I.1 Where to Find Guidance for Meeting the Requirements of the BBSEE

No	Components of the BSSE Scorecard	Where to Find Guidance within SEAT
1	Human Resource Development	
1.1	Has the Company offered every employee the opportunity to be functionally literate and numerate by the year 2005 and are employees being trained?	<p>Providing capacity building of the kind described in this aspect of scorecard is likely to require external assistance.</p> <ul style="list-style-type: none"> • Tool F3 provides guidance on identifying and consulting with key organisations that have experience in the development of training materials and/or programmes.
1.2	Has the Company implemented career paths for Previously Disadvantaged South African (PDSA) employees including skills development plans?	<p>Tool F3 provides guidance on:</p> <ul style="list-style-type: none"> • undertaking a skills inventory; and • establishing a well thought through system for implementing skills development plans.
1.3	Has the Company developed systems through which empowerment groups can be mentored?	Tool F2 provides guidance on mentoring.
2	Employment Equity	
2.1	Has the Company published its employment equity plan and reported on its annual progress in meeting this plan?	This aspect of the Scorecard is not covered within SEAT.
2.2	Has the Company established a plan to achieve a target for PDSA participation in management of 40% within five years and is implementing the plan?	Tool F3 provides guidance on the development of human capital (skills, education etc) within the workforce and in the neighbouring communities. Specific mention is made of identifying target groups (eg women, PDSAs). Developing human capital within the external community (and within identified target groups) will assist Anglo in meeting its own workforce requirements.
2.3	Has the Company identified a talent pool and is it fast tracking it?	As above.
2.4	Has the Company established a plan to achieve the target for women participation in mining of 10% within five years and is it implementing the plan?	As above.
3	Migrant Labour	
3.1	Has the Company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	This aspect of the scorecard is not covered within SEAT.

No	Components of the BSSE Scorecard	Where to Find Guidance within SEAT
4	Mine community and rural development	
4.1	Has the Company co-operated in the formulation of integrated development plans and is the Company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour sending areas? Has there been effort on the part of the Company to engage the local mine community and major labour sending area communities? (Companies will be required to cite a pattern of consultation, indicate money expenditures and show a plan).	Step B provides guidance on consultation with local communities, including: <ul style="list-style-type: none"> • identification of stakeholders; • guidance on generic questions to be asked during consultation; and • overview and guidance on approaches to consultation.
5	Housing and Living Conditions	
5.1	For company-provided housing has the mine, in consultation with stakeholders established measures for improving the standard of housing, including the upgrading of the hostels, conversion of hostels to family units and promoted home ownership options for mine employees? Companies will be required to indicate what they have done to improve housing and show a plan to progress the issue over time and is implementing the plan?	This aspect of the Scorecard is not covered within SEAT.
5.2	For company-provided nutrition has the mine established measures for improving the nutrition of mine employees? Companies will be required to indicate what they have done to improve nutrition and show a plan to progress the issue over time and is implementing the plan?	This aspect of the Scorecard is not covered within SEAT.
6	Procurement	
6.1	Has the mining Company given PDSA's preferred supplier status?	Tool F1 provides guidance on how to increase procurement from disadvantaged communities.
6.2	Has the mining Company identified current level of procurement from PDSA companies in terms of capital goods, consumables and services?	Tool A1 provides a simple template to help identify the purchases made from suppliers (and enables you to calculate the resulting employment).
6.3	Has the mining Company indicated a commitment to a progression of procurement from PDSA companies over a 3 – 5 year time frame in terms of capital goods, consumables and services and to what extent has the commitment been implemented?	Tool F1 provides guidance on how to increase procurement from disadvantaged communities.

No	Components of the BSSE Scorecard	Where to Find Guidance within SEAT
7	Ownership & Joint Ventures	
7.1	Has the mining Company achieved PDSA participation in terms of ownership for equity or attributable units of production of 15 percent in PDSA hands within 5-years and 26 percent in 10-years?	This aspect of the Scorecard is not covered within SEAT.
8	Beneficiation	
8.1	Has the mining Company identified its current level of beneficiation?	This aspect of the Scorecard is not covered within SEAT.
8.2	Has the mining Company established its base line level of beneficiation and indicated the extent that this will have to be grown in order to qualify for an offset?	This aspect of the Scorecard is not covered within SEAT.
9	Reporting	
8.1	Has the Company reported on an annual basis its progress towards achieving its commitments in its annual report?	The reporting template, Tool H1, can form the basis of an annual report.

ANNEX 2

GLOSSARY

Activities – the things that the operation has (eg a tailings dam) or does (eg employment) in order to do business or to meet required standards and policies (local and corporate).

Aspects – those elements of the activities (eg a smelter) that have the potential to bring about change to the receiving environment (eg release of air emissions). Aspects are also referred to as ‘mechanisms of change.’

Baseline – a data set that provides information on the current or pre-existing conditions in the environment within which Anglo is operating or seeks to operate

Benchmark – a standard or level against which different factors can be measured to determine how well they are performing.

Community based organizations (CBOs) – organizations that are established by and draw from community representatives.

Community social investments – contributions (monetary, staff time or gifts in kind) that are made to stakeholders associated with one’s operation, and which bring benefits over and above an operations core activities. The beneficiaries can range from local stakeholders to national and international ones. These investments are generally aimed at addressing needs within the selected target community. The scope of these activities ranges from donations to charities to those that tie in with business needs (eg capacity building among local residents for employment purposes).

Corporate social reporting – providing information on how a company is identifying and managing its performance in relation to social issues.

Disadvantaged groups – those groups that, due to their particular economic, social or environmental circumstances (this may be due to their religion, education status, gender, ethnicity, age, geographic location or employment status) are not able to access goods and services, information, participation and decision making opportunities to the same extent as other members of the community.

Disaggregating communities – the process of dividing a community into its constituent parts in order to identify clearly the different lines along which a community may be divided (eg interests, needs, power relations, income levels, gender, education etc).

Key Performance Indicators (KPIs) – a set of criteria that relate to specific issues associated with the operation (eg stakeholder consultation). These criteria (eg number of community meetings per year) are used to measure performance on the identified issue, over a period of time.

Leveraging resources – using a small amount of resources from one party to secure a much larger contribution from others. For example, Anglo providing start-up resources to a new business may leverage greater contributions from development agencies.

Livelihood – the financial or subsistence means whereby people secure a living.

Management and monitoring plan – a plan which allows managers to measure impacts over a period of time and specify activities that will be implemented over a certain time period to manage or enhance impacts.

Mitigation measures – ways of trying to reduce or enhance a particular impact that an operation may be having, either on the environment, the community or the economy.

Needs assessment – a systematic process of identifying community needs, based on an assessment of existing and projected population levels, goods and service provision, infrastructure provision and resource use.

Non-Government Organizations (NGOs) – private organizations, often not-for-profit, that provide information, lobbying, community development and environmental perspectives and advice.

Nuisance factors – aspects of the operation that may cause annoyance to the community and impact on their quality of life, but not necessarily cause ill health or environmental damage.

Post closure planning – the process of preparing the community for closure or significant downsizing of a facility.

SEAT: Socio-Economic Assessment Toolbox – a process for identifying and assessing, in a relatively quick manner, the current social and economic impacts associated with the operation, the management measures that are required to address them, and other measures required to improve on general social performance.

Social impact monitoring – a process for measuring, over time and according to a defined set of indicators or measures, the impacts of an operation on a community.

Social performance – all the different ways Anglo operations contribute positively or negatively to the communities and societies it operates in.

Stakeholder – an individual or group that may be affected by, have an interest in or can influence the operations of the company.

Stakeholder gap analysis – the process of identifying the differences between one group of stakeholders that is currently known and consulted and another that is not, but should be.

Acknowledgement

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