



# THE TIMES 100

## Anglo American brief

### Introduction

Anglo American is a world leader in mining. It is a UK based plc. It operates around the globe - in Africa, Europe and the UK. It extracts metals like copper and iron ore, as well as precious materials like diamonds. Its Tarmac business produces asphalt and concrete for roads. Mining can have a big impact on the environment. It also involves governments, as resources are owned by nations and mining operations need a licence. There may also be pressure groups involved. It is vital for mining companies to gain support from the communities in which they work. To support this, they must act ethically.

### Business ethics

Ethics are moral guidelines. They involve doing the right thing. Ethical business is not involved in the wrong thing, like child labour. Instead it supports right practices, like causing no harm to the environment. This is known as CSR or corporate social responsibility. Many companies create Codes of Practice to help them operate in other countries. Anglo American has helped to develop a number of these. They ensure fair treatment of people, communities and the environment. Anglo American has to balance these needs against the need to make a profit. A vital part of this process is called stakeholder engagement. This allows it to understand other groups' concerns better. It uses a tool called SEAT (Socio-Economic Assessment Toolbox) to engage with stakeholders.

### Why act ethically?

If a business behaves unethically, customers will not buy its products. This will reduce profits. It is vital to stay in tune with the wishes of the communities where it works. In South Africa, for instance, land and resources are being given to people who have been left out in the past. Anglo American is supporting this process. It also supports AIDS education. It provides free drugs and has set up the world's largest HIV/AIDS treatment and testing programme.

### The effects of acting ethically

There is, of course, a financial cost. It takes time and money to reach stakeholders. Mining in an ethical way is more expensive. There are also non-financial costs, such as the effect on the environment or communities. The Pebble Project in Alaska is a good instance of this approach. The project has taken into account local feelings. There are financial gains to be made from mining new copper and gold finds. There may be an effect on fish and wildlife. The project will only take place if all concerns are satisfied.

### The benefits of acting ethically

Ethical actions give Anglo American a competitive edge. They keep the value of its stock high. This is because many stockholders are concerned about the environment. They will only buy shares in businesses that take care of it.

### Conclusion

Anglo American has a high profile in the primary sector. It supports good government and fair laws. It supports fair behaviour in newly developing countries even if laws in those countries are weak. Its SEAT toolbox allows it to measure its impact and minimise it. By acting ethically it gains both financial and non financial benefits.