



THE TIMES 100

Anglo American summary

Introduction

Anglo American is a world leader in mining. It is a UK-based plc that operates in many countries around the globe, including Africa, Europe and the UK. It extracts metals, such as copper and platinum, and coal and its Tarmac business produces asphalt and concrete for roads. Mining can have a big impact on the environment and involves governments, as resources are owned by nations. Mining operations therefore usually require a licence. There may also be pressure groups involved so it is vital for mining companies to gain support from the communities in which they work. To underpin this, they must act ethically.

Business ethics

Ethics are the moral guidelines that businesses follow. They include not being involved in ~~w~~rong practices, like child labour, but supporting ~~r~~ight practices, like causing as little harm as possible to the environment. This is known as CSR or corporate social responsibility. Many companies create Codes of Practice for operating in other countries and communities. Anglo American has helped to develop a number of these to ensure fair treatment of people, communities and the environment. It balances these needs against the business need to make a profit. An important part of this process is called stakeholder engagement, which 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 acts in a way that upsets customers, countries or communities, this will have an adverse effect on its profits. It therefore must stay in tune with the wishes of the communities where it works. For example, in South Africa, the government is transferring ownership of some resources to people previously excluded, and Anglo American is supporting this process. It also helps support AIDS education through the provision of free drugs and by setting 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 and mining in an ethical way is more expensive to operate. There are also non-financial costs, such as to the environment. The Pebble Project in Alaska is a good example of an approach that takes into account local feelings and the effect on fish and wildlife alongside the financial gains from mining new copper and gold finds. The project will only take place if all concerns are satisfied.

The benefits of acting ethically

By aiming for sustainable development, Anglo American also gains a competitive edge. It also helps to maintain the value of the company, as many stockholders are concerned about the environment and only willing to invest in 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, even in newly developing countries. Its SEAT toolbox allows it to measure its impact and minimise it. By acting ethically it gains both financial and non-financial benefits.