ANGLO AMERICAN

THE ALTERNATIVE REPORT

FIGHTING GLOBAL POVERTY
Anglo American

Chairman
Sir Mark Moody-Stuart

Chief Executive
Cynthia Carroll

Employees
Over 200,000 worldwide

Revenue (2006)
$38.6 billion

Net profit (2006)
$6.2 billion

Websites
www.angloamerican.co.uk
www.anglogold.com
www.angloplatinum.com
www.debeersgroup.com
Introduction

This is the fifth in a series of War on Want alternative reports. Their purpose is to compare and contrast the rhetoric of corporate social responsibility (CSR) with the reality of companies’ actual practices. The reports form part of War on Want’s ongoing campaign for a global framework of corporate regulation, and each recommends action that ordinary people can take to rein in the power of multinational corporations across the world.

This report looks at Anglo American, the world’s second largest mining company. Anglo American is one of the 10 largest British companies, with net profits of over $6 billion in 2006. It operates in 60 countries around the world and its subsidiaries include AngloGold Ashanti, Anglo Platinum and the international diamond producer De Beers. Anglo American prides itself on its ‘good citizenship business principles’, and has signed up to a number of CSR initiatives in order to promote itself as a responsible player in the global economy.

Yet Anglo American’s activities around the world tell a different story. In Colombia and the Democratic Republic of Congo, Anglo American is profiting from conflict and associated human rights abuses. In the Philippines and South Africa, local communities have faced severe repression for protesting against Anglo American’s operations. In Ghana and Mali, local communities see little of the huge profits being made by Anglo American, but suffer from the devastating impact of its mines.

This report not only reviews Anglo American’s record over and against its rhetoric on corporate social responsibility. It also recommends action, both to send a message to Anglo American and to redress some of the damage inflicted by the company’s operations. This is War on Want’s mission more widely: to support people in developing countries in the fight against the root causes of poverty, but also to inform and inspire people in rich countries to challenge the global structures which sustain poverty across the world.

Louise Richards
Chief Executive, War on Want
Anglo American is the world’s second largest mining company. A UK-based corporation listed on the London Stock Exchange, Anglo American operates in 60 countries, most of them in the global South. Its subsidiaries include AngloGold Ashanti (one of the world’s largest gold producers), De Beers (the world’s largest diamonds producer), and Anglo Platinum (the world’s largest platinum producer). It also owns businesses in coal, base and ferrous metals, industrial minerals and paper. Anglo American’s global operations bring the company massive profits: its net profits rose by 76% in 2006 to $6.2 billion, up from $3.5 billion the previous year.1

Anglo American prides itself not only on its profits and “market-beating returns” to shareholders but also on its corporate social responsibility (CSR) record. The company and its subsidiaries have received considerable negative publicity over recent years for their activities in war-torn countries, and it now wants to be seen to be cleaning up its act. To this end, Anglo American has made much of its ‘good citizenship business principles’ and its involvement in various voluntary CSR schemes: “As a Group, we have become signatories to a number of international initiatives which, we believe, make a major contribution to building more sustainable futures. These include the Global Compact and the Extractive Industries Transparency Initiative, the International Council on Mining and Metals (ICMM) and the World Business Council for Sustainable Development.”2

For communities living with the impacts of Anglo American’s activities, such voluntary initiatives mean very little. In countries scarred by civil war such as Colombia and the Democratic Republic of Congo (DRC), Anglo American continues to profit from the conflict and associated human rights abuses which condemn local communities to insecurity and terror. Trade unionists who have stood up against AngloGold Ashanti mining operations in Colombia have been murdered by military units assigned to protect the company, while the company’s links with armed groups responsible for human rights abuses in the DRC have raised serious questions over its continuing presence there.

In the Philippines and South Africa, local communities threatened with Anglo American mines have faced severe repression in their fight to stay on their land. In Ghana and Mali, local communities see little of the huge profits being made by AngloGold Ashanti but suffer from fear and intimidation and from the damaging impact of its mines on their environment, health and livelihoods. In Ghana, mining operations have devastated the environment and polluted vital water resources.

The Anglo American way

“Since our founding almost 90 years ago, we have established a proud tradition of not only delivering market-beating returns for our shareholders, but of benefiting the broader communities in the countries in which we operate.”

Anglo American Report to Society 2006
International mining companies have long faced criticism for the impacts of their operations on local communities in developing countries. This includes the propensity for increased conflict and human rights abuses when local people stand up to mining companies in defence of their rights. As long as Anglo American continues to profit from the fear and repression of communities in which they operate, the company’s claims to responsible corporate citizenship will be no more than hollow rhetoric.

Anglo American: The Group

AngloGold Ashanti, one of the world’s leading gold mining companies, is 42% owned by Anglo American. Based in South Africa, it is an independently managed subsidiary of Anglo American. Anglo American and AngloGold Ashanti are closely intertwined: AngloGold Ashanti’s CEO is a non-executive director of Anglo American, while Anglo American’s CEO is a board member of AngloGold Ashanti.

De Beers is the world’s largest diamond producer and is 45% owned by Anglo American. The chair of De Beers, Nicky Oppenheimer, is a non-executive director of Anglo American, while Anglo American’s CEO and Finance Director both sit on the De Beers board. De Beers saw underlying earnings of $425 million in 2006, of which $227 million accrued to Anglo American.3

Anglo Platinum is 75% owned by Anglo American and is the world’s largest platinum producer, accounting for 38% of the global supply of primary platinum. It is the world’s eighth largest mining company in its own right, ranked by market capitalisation. Based in South Africa, Anglo Platinum made profits of $1.8 billion in 2006, of which $1.3 billion went to Anglo American. Anglo Platinum’s shareholders also saw their returns more than double in 2005.4

Anglo Coal, Anglo Base Metals and Anglo Ferrous Metals make up the rest of Anglo American’s extractives portfolio, along with the two subsidiaries of Anglo Industrial Metals: the UK construction materials supplier Tarmac and Brazilian phosphates producer Copebrás. Anglo American also owns the international paper and packaging group Mondi, although it is in the process of demerging the group into an independent entity.
Colombia has suffered over 40 years of civil war between left-wing guerrillas and government troops backed by paramilitary forces, a conflict which has left thousands dead and caused the internal displacement of approximately three million people. AngloGold Ashanti has been actively exploring in Colombia since 1999 and states that in 2006 its explorations made “significant progress”. AngloGold Ashanti’s presence is fuelling conflict and human rights abuses by the Colombian army, in particular the murders of trade union and community leaders who oppose the company’s activities in the region.

In the Sur de Bolívar region of northern Colombia, AngloGold Ashanti is the beneficiary of a brutal campaign by state security forces designed to intimidate communities and force people off their land to make way for mining operations. AngloGold Ashanti’s subsidiary Kedahda is seeking to initiate operations in the San Lucas mountains above the town of Santa Rosa. Local community groups claim that 2,300 people have been displaced from their land and that communities have been subjected to arbitrary arrests, pillage, threats, the burning of houses and extrajudicial executions.

A campaign of killings and intimidation attributed to the Colombian military’s Nueva Granada battalion has swept the region. In September 2006, mining leader Alejandro Uribe was assassinated after leading peaceful opposition against AngloGold Ashanti mining in the region and seeking an investigation into the killing of another mining union leader the month before. Uribe was a leader of the Bolivar Department Miners’ Association, which is linked to the Agro-Mining Federation of Sur de Bolivar (Fedegromisbol), but the military has tried to suggest he was a guerrilla and a terrorist. In October 2006 another community leader, Leider de Jesus Castrillon Sarmiento, was also killed by the Nueva Granada battalion; this time the army has claimed his killing was a “military error”.

In a statement put out just after Uribe’s murder, Fedegromisbol said that his killing was “part of a pattern of attacks, blockades, threats and killings carried out by members of the Nueva Granada Battalion who have clearly stated that the aim of the operations they are carrying out in the region is to guarantee the presence of the gold-mining multinational company AngloGold Ashanti (Kedahda S.A) which had been opposed by miners in the region, including Alejandro Uribe.”

At 30 miles long and three miles wide, El Cerrejón, in Colombia’s northern province of La Guajira, is the biggest open-cast coal mine in the world. It is also the scene of some of the most infamous cases of community rights violations. In January 2002, without warning, bulldozers demolished the neighbouring village of Tabaco, whose inhabitants were evicted and violently attacked by hundreds of armed...
security personnel to make way for mine expansion. Anglo American, BHP Billiton and Xstrata, which share equal ownership of El Cerrejon, have denied responsibility for the destruction of Tabaco, but the Organisation for Economic Cooperation and Development (OECD) is now investigating possible breaches of its Guidelines for Multinational Enterprises in this and subsequent attempts to expand the mine.\textsuperscript{10}

In April 2004, paramilitaries stormed a village of the indigenous Wayuu people, who had refused to make way for El Cerrejon’s railway line through their lands. A total of 12 villagers were killed, 20 disappeared without trace and 300 more were displaced from their homes. The Colombian government blamed the massacre on guerrillas and drug runners, but villagers say they recognised soldiers from the Colombian army with the paramilitaries on the day of the attack. El Cerrejon has protection contracts with the Colombian military in addition to its own security guards, according to a spokesman for BHP Billiton.\textsuperscript{11}

Leading retailers including Tiffany, Cartier, the Signet Group and Wal-Mart have signed up in support of a set of basic standards for gold mining companies entitled the Golden Rules. One rule specifically calls on companies to: “Ensure that operations are not located in areas of armed or militarised conflict.” Anglo American’s operations in Colombia clearly fail to meet this basic standard.\textsuperscript{12}
Insecurity and human rights abuses

“We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold Ashanti having been there.”
AngloGold Ashanti Report to Society 2006

AngloGold Ashanti operates in six African countries. The company’s mining activities in Ghana have had a devastating impact on communities around the Obuasi goldmine, one of Africa’s largest. Numerous local rivers and streams previously used for drinking water, fishing and land irrigation have been polluted as a result of mining activities.

New pollution is also occurring at Obuasi as a result of its ‘cyanide containment lakes’. Villagers claim that after heavy rain in November 2005 the company opened a pipe from its ‘containment lake’, flooding several houses and a large school in Abenpekrom village with water believed to contain cyanide and other dangerous elements. AngloGold Ashanti claims to have provided “appropriate compensation” for the spillage, but months after the incident villagers had still not been given any compensation. 17

A climate of fear pervades many of the villages around the mine, where police and company security officials themselves have adopted brutal methods to protect company interests. Swoops are often conducted in the villages to intimidate or track down ‘illegal’ miners. There have been several cases of such miners being shot on the company concession area or having died after being held in custody by police working for AngloGold Ashanti. Yet there have never been any police or company investigations into these incidents, and no compensation appears to have been provided. 18

Such actions have been condemned by Mary Robinson, former UN High Commissioner for Human Rights, who described herself as “deeply concerned” at the “range and severity of human rights problems that continue to affect this sector”. In a statement on human

De Beers in Botswana

De Beers stands accused of being implicated in the Botswanan government’s removal of Bushmen from their ancestral homelands in the Central Kalahari Game Reserve in central Botswana – an eviction which was ruled “unlawful and unconstitutional” by the country’s High Court in December 2006. The government argues that the removal of the Bushmen was intended to help provide them with education and health care, and that it had nothing to do with diamond exploration. Survival International, which is campaigning in support of the Bushmen, notes that the De Beers managing director in Botswana backed the removals. 23
Rights issues in Ghana’s mining industry, Robinson noted: “In a number of cases, security forces working around mine sites have used violent methods to displace community members from mining areas. In other cases, mining companies’ destruction of communities’ water and land resources constitute a violation of communities’ right to maintain a sustainable livelihood.” Robinson pledged to raise the issues with AngloGold Ashanti in person during her visit to Ghana.19

In Mali, gold mining has recently overtaken cotton as the major source of export revenue, and the country is now Africa’s third largest gold producer. Two of AngloGold Ashanti’s mines, at Morila and Sadiola, account for the bulk of Mali’s gold production. While these mines have earned AngloGold Ashanti tens of millions of dollars in recent years, the company has invested little in the communities surrounding the mines. The small sums spent on these so-called ‘community development’ projects have also included payments to the local gendarmerie; indeed, the highest single payments in 2002 and 2003 at the Morila mine were to the local gendarmes.20

The mines brought with them rising cases of HIV/AIDS, violations of workers’ rights and, in villages near the Sadiola mine, high incidence of lung diseases and miscarriages. Land was expropriated with minimal compensation, reducing the area available for farming and growing cotton. Although some jobs have been created by the mines, interviews with local people showed that “it had become more difficult to make a living after the mines were established” and that the majority of people in local communities “today live an economically and physically less secure life than they did before the mining era started”.22
Undermining local communities

“Understanding and responding to the concerns and priorities of local communities are significant elements in building trust and maintaining a social licence to operate, as well as securing continued access to land and resources.”
Anglo American Report to Society 2006

Anglo American speaks proudly of its relationships with local communities in the areas where it operates. It draws particular attention to its approach to resettlement of local inhabitants in order to make way for its mining operations: “In undertaking resettlements, we work on the basis of informed consent and only where there is no realistic alternative.” Yet in South Africa and the Philippines, local communities have not been properly consulted about the presence of the company, and are facing severe repression for challenging Anglo American’s encroachment onto their land.

Anglo Platinum’s activities in South Africa centre on the Bushveld Mineral Complex, which contains one of the richest ore deposits on earth. The complex is the site of several ongoing struggles between Anglo Platinum and local communities. Poor black farmers from the village of Maandagshoek near Anglo Platinum’s mine at Modikwa are trying to stop the company’s encroachment onto their land as the mine is expanded. In June 2006 Anglo Platinum sent a drilling team onto the community’s land near the Modikwa mine and was confronted with over a hundred protestors. The following day police officers returned to arrest the community leaders and ordered the crowd to disperse. The crowd became restive and the police opened fire. Some 26 people were reportedly taken to local hospitals, eight of whom had rubber bullet wounds and one who had been hit in the arm by live ammunition.

Communities near Anglo Platinum’s Mokopane mine have taken a class action to the High Court in Pretoria. Anglo Platinum intends to expand the mine, which would deprive around 5,000 people of the farming land on which they have lived for generations. There have been several cases of beatings and arrests of community members by the police, whom community lawyer Richard Spoor accuses of acting as the “attack dogs” of the company. In November 2006, a convoy of 23 police, private security and company vehicles drove through local villages in a show of force seen by communities as an act of intimidation reminiscent of the apartheid era.

To make way for Anglo Platinum’s new Twickenham mine, the Magobading community was forced off its land and moved to the township of Mecklenberg, where they now live in tiny houses with poor sanitation and without water, grazing or arable land. In January 2007, community protests at the mine resulted in police beatings and the arrest of 15 people. According to Jubilee South Africa, “This brutality is not an isolated incident but a pattern of abuses.” Community members have continued demonstrating and have made repeated attempts to discuss their plight with Anglo Platinum, but the latter has refused.
Armed conflict in the Philippines between government and left-wing guerrilla forces has led to increased militarisation and human rights abuses around mining installations. More than 700 extrajudicial killings have been reported since 2001, and “critics of mining projects and policies have been killed and targeted for execution.” The operations of the mining industry in the Philippines have been described by former International Development Secretary Clare Short as the most “systematically destructive” she has ever seen, with catastrophic effects on the environment and people’s lives.

The Cordillera region accounts for 25% of the Philippines’ gold ore reserves and 39% of its copper ore. Anglo American subsidiary Cordillera Exploration Inc is exploring across many thousands of hectares in a number of the region’s provinces, and has provoked widespread opposition from local communities. Leaders of the campaign against Anglo American’s presence believe that their vocal opposition to the project, as well as criticism of the government’s mining policies, is enough to subject them to death threats, and there have been murders linked to mining activities.

Community and tribal groups together with the Cordillera Peoples Alliance are contesting Anglo American’s entry into the area, which was granted by the Philippine government. One of the tribes opposed to the company’s presence, the Buaya in Kalinga province, has said that Cordillera Exploration commenced mining activities in the area as early as the end of 2005. The Buaya accuse Cordillera Exploration of illegal intrusion since they have not given prior consent for the company to operate in the area. The local population fears a loss of farmland, forests and rivers as a result of the mining. They also believe that “any intrusion of destructive projects, such as corporate mining, will disrupt their territorial integrity and in the long run, their cultural identity.”

Anglo Platinum miner on strike in South Africa
Anglo American has been at the forefront of a number of corporate social responsibility (CSR) initiatives including the Global Compact, the Extractive Industries Transparency Initiative, the International Council on Mining and Metals and the World Business Council for Sustainable Development. Both Anglo American and AngloGold Ashanti are signed up to the Voluntary Principles on Security and Human Rights. The Principles are designed to guide companies working in the extractives industry in “balancing the needs for safety while respecting human rights and fundamental freedoms”. In June 2005 Anglo American was awarded the Oracle International Award, co-sponsored by the International Business Leaders Forum and the Commission for Africa. Anglo American was rewarded for its contribution towards the achievement of the Millennium Development Goals and its “recognition that its contribution to development in Africa is both good for business and good for the communities where it does business”.

Anglo American’s Chairman Sir Mark Moody-Stuart has become a standard bearer for the CSR agenda. In June 2007 Moody-Stuart was a signatory to a report by business think tank Tomorrow’s Company. The report Tomorrow’s Global Company: Challenges and Choices set out the signatories’ vision that the purpose of tomorrow’s global company is: “To provide ever better goods and services in a way that is profitable, ethical and respects the environment, individuals and the communities in which it operates.”

Yet CSR is a voluntary approach to dealing with the impact of business’s operations on human rights, the environment and corruption. It has been developed as an explicit strategy to avoid external regulation and corporate accountability to bring companies within the framework of international law. Anglo American’s CSR rhetoric is in stark contrast to its behaviour around the world. Anglo American’s activities noted in this report have often been based on repressive actions by state security forces, including human rights violations, forced removal of people from their land, as well as environmental degradation and the pollution of water sources.

Moody-Stuart has repeatedly stated his opposition to increased regulation of companies, including the UN Norms on Business and Human Rights which could form the basis for an international framework of regulation. He argues that these will only
increase legal actions and serve to “distract” the international community from “proper national legislation”.39 As Chair of Business Action for Sustainable Development, Moody-Stuart played a key role in blocking efforts to achieve binding international regulation of corporations at the UN World Summit on Sustainable Development in Johannesburg in 2002.

Despite Anglo American’s devastating record in countries where it operates, the UK government has a close relationship with the company. Moody-Stuart has been one of the government’s favourite business leaders, and was previously appointed Vice-Chair of the G8 Task Force on renewable energy. Anglo American has served on the core stakeholder group of the Extractive Industries Transparency Initiative, and has joined Gordon Brown’s new ‘global partnership for development’ launched in July 2007.40 The British government shares Anglo American’s position on CSR, actively supporting only voluntary codes of conduct for corporations. It has been completely opposed to introducing international legally binding frameworks for multinational companies, arguing that they “may divert attention and energy away from encouraging corporate social responsibility and towards legal processes.”41

In its 2005 annual departmental report, the Foreign Office even boasts of its role in stopping a legal case brought in the US against British companies working overseas – in this case companies, including Anglo American, accused of complicity in apartheid in South Africa: “As a result, we believe it will now be more difficult to pursue such cases against UK companies through the US courts,” the Foreign Office notes.42

The UK government’s opposition to a binding framework for corporate accountability enables companies such as Anglo American to continue to acquire vast wealth at the expense of the security and human rights of the communities in which it operates. The government must state its support for international, legally binding regulation so that companies like Anglo American can be made accountable for their actions around the world.
Take action

War on Want believes that companies must be made accountable for their actions around the world. Yet the UK government prefers to support the voluntary approach of corporate social responsibility, despite the fact that it has been shown to be an ineffective alternative to regulation. As long as the political will of our elected leaders to rein in corporate power is lacking, companies like Anglo American will continue to profit from conflict and associated human rights abuses which condemn local communities to insecurity and terror. It is up to us to apply pressure. We are asking all readers and supporters to take the following actions:

1. **Call on the government** to state its support for a binding framework for corporate accountability to regulate the activities of companies such as Anglo American. Please write to Rt Hon David Miliband MP, Secretary of State for Foreign and Commonwealth Affairs, Foreign and Commonwealth Office, King Charles Street, London SW1A 2AH, calling on the government to abandon its promotion of voluntary CSR initiatives and support binding corporate regulation instead.

2. **Contact Anglo American**: Members of the public can contact Anglo American’s Chairman Sir Mark Moody-Stuart direct and voice their concern at the impact of the company’s activities on communities around the world. You can write to Moody-Stuart at Anglo American plc, 20 Carlton House Terrace, London SW1Y 5AN, calling on him to take steps to ensure that no Anglo American operations are located in areas of militarised conflict.

3. **Consumer action**: Ask retailers to ensure that the products they sell have not been mined in conflict areas and that the communities aren’t suffering human rights abuses because of mining activities. Call on retailers to endorse No Dirty Gold campaign’s Golden Rules for mining companies, available from www.nodirtygold.org

4. **Join us!** War on Want campaigns to expose the role corporations play in war and conflict – and the human costs that result. Become a member and find out more about our corporations and conflict campaign at www.waronwant.org

**Also:**
- Mines and Communities www.minesandcommunities.org
- Business and Human Rights Resource Centre www.business-humanrights.org
Notes

9. Cited in Colombia: Killings, arbitrary detentions, and death threats, as above.
15. Conducting Business with Integrity in Weak Governance Zones: OECD instruments and examples from the DRC, OECD Directorate for Financial and Enterprise Affairs, May 2004; the Department of Trade and Industry acted as the UK’s National Contact Point for the OECD Guidelines at the time, and issued the statement clearing De Beers.
32. Ibid.
34. The Buaya had earlier given their consent for exploration to go ahead but withdrew it saying that the consultation had not provided enough information on the likely effects of mining on the area; see Kalinga’s Buaya tribe rescinds earlier endorsement and is now set to oppose CEXCI exploration permit application, Cordillera Peoples Alliance, 17 September 2006.
36. For the full text, see www.voluntaryprinciples.org.
39. ‘Sir Mark Moody-Stuart, Presentation to the UN Secretary General’s Special Representative on Human Rights and Business, 10 November 2005.
41. See, for example, DFID and corporate social responsibility, UK Department for International Development, September 2003.
War on Want fights poverty in developing countries in partnership and solidarity with people affected by globalisation. We campaign for workers’ rights and against the root causes of global poverty, inequality and injustice.

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