

An introduction to Anglo American plc

Anglo American plc is the world's fourth largest mining company¹. In 2009 its annual profits were \$2.4 billion. This was a bad year by the company's standards. In 2008 its profits were over \$5 billion². Its operations, partly through subsidiaries such as Anglo Platinum, extend to over 60 countries throughout the world. The company claims to uphold the highest standards of corporate responsibility by respecting the rights of the people that host its mining operations, its workers and the environment³. In January 2010 Anglo American became the first mining company to be accepted into the Business Call to Action, a global initiative which challenges companies to apply their business and technological expertise to tackling poverty and contributing to the achievement of the Millennium Development Goals⁴.

However, if we pay attention to the voices of those people who work for or experience Anglo American's mining operations on their land, we will find that the company's track record on corporate responsibility deviates far from its rhetoric. In fact, it leaves in its wake a trail of breakdown and impoverishment of communities, environmental degradation and industrial injury, sickness and death.

Anglo American's origins, despite its name, lie in the gold and diamond mines of South Africa. It was formed in 1917 by E. Oppenheimer to mine gold in the Far East Rand. Throughout the first half of the 20th century it expanded into other African countries and became a major producer of uranium, coal and copper. It took over De Beers, in which Anglo American retains a 45% stake to this day. Using another subsidiary, Minorco, in order to downplay its connection with the Apartheid regime in South Africa, Anglo American opened up operations in Europe, the Americas and Australasia⁵.

When, during the 1980s, many foreign companies disinvested from South Africa by selling their South African subsidiaries, Anglo American bought up many of these. Fearing the threat of nationalisation and the loss of its dominant economic position in South Africa in the likely event that Apartheid would end, it also maintained cordial relations with the ANC. Nevertheless, worried that its operations might be restricted by the ANC, Anglo American merged with Minorco, moved its headquarters to London and switched its listing to the London Stock Exchange⁶. It further ensured its safety in South Africa by devolving some of its South African holdings to Black investors under the Black Economic Empowerment scheme – a scheme controversially criticised by Moeletsi Mbeki, brother of former South African President Thabo Mbeki, as the means by which white dominated corporations were able to maintain their economic position under the new ANC elite who grow rich while the condition of ordinary South African citizens continues to deteriorate⁷.

Evicting and impoverishing rural communities

In South Africa, the Bushveld Mineral Complex stretches for 400km across Limpopo Province and contains 88% of the world's platinum reserves⁸. World demand for platinum is high because it is used in the production of catalytic converters for cars and to make jewellery⁹. Anglo Platinum, a subsidiary of Anglo American, is the world's largest platinum producer, and it mines here. As a consequence of platinum mining, thousands of people in poor rural communities have lost the means to support their food needs and make a small income selling their agricultural surpluses. Inadequate compensation and insufficient alternative ways of making a living have left people even poorer in what is South Africa's poorest province. This has had a particularly negative impact on women heads of household, who derive independence from their ability to grow food and so maintain adequate nutritional standards for their children and even gain a small income from selling surplus food¹⁰.

Communities also lost access to clean drinking water. An independent water sampling report commissioned by Action Aid discovered that water at four sites on which there were two schools was unfit for human consumption and that this was likely to have been caused by the mine. Those villagers who refused to be relocated had their water (and other amenities) cut off without warning and are forced to collect water from the contaminated sources¹¹.

For those villagers who did relocate, this was enforced rather than agreed, and although they were provided with a small house, the only agricultural land they had access to were the small plots around the house¹². The small amount of financial compensation could not replace their ability to support themselves through farming.

Resistance to the expansion of mining on their land and to being resettled has been met with police brutality and the threat of legal action against the villagers and the lawyers representing them¹³. Lawyer Richard Spoor, acting for some of the affected villagers, was sued for defamation by Anglo Platinum in late 2009.¹⁴

Manipulating democratic processes and the rule of law

Where Anglo American and or its subsidiaries are required to gain the agreement of the local community before they open or expand a mine, the company sets up its own 'democratic' institutions to achieve this. In Limpopo, the Section 21 not-for-profit companies set up under South African company law were set up by Anglo Platinum in the villages where it operates. At one of the mines there are 15 such companies, comprising around 15 members each. Anglo Platinum regards these companies as legitimate representatives of the community and mainly conducts the consultations with the communities (required under South African law) through them, while disregarding other organisations often with hundreds of members representing the communities¹⁵. At one relocation site, agricultural land is reserved exclusively for the use of Section 21 members while other community members are confined to farming on the small garden plots around their houses¹⁶.

In the Cordillera region of the Philippines, Cordillera Exploration Inc, a subsidiary of Anglo American, was granted an exploration permit by the Philippine government to explore on the ancestral lands of the local Igorot people. A national law stipulates that the communities affected by mining must give their 'free prior informed consent' before mining can be allowed. In two consultations, the Igorot communities expressed strong opposition to the proposed mining project. Nevertheless, the company was able to get its certificate of consent by holding a third consultation with selected individuals in favour of mining. This group signed the agreement although fourteen of the signatories were confirmed not even to be members of the concerned communities¹⁷.

Benefitting from conflict and associated human rights abuses

In Colombia, 40 years of civil war between left wing guerrillas and government troops backed by paramilitary forces has created a situation in which Anglo American and other extractives companies are able to benefit from the lack of democracy and disregard for human rights that exists in conflict zones. Despite Anglo American's claims only to operate in conflict zones if its presence will help bring about peace and democracy¹⁸ there is little evidence that its involvement in Colombia has had such an effect.

In 2006 in the Sur de Bolivar region of Northern Colombia, the trade union Fedeaagromisbol (representing mining and agricultural workers) accused the Colombian military of carrying out 'a series of attacks, blockades and killings with the aim...of guaranteeing the presence of AngloGold Ashanti', which at the time was a subsidiary of Anglo American¹⁹.

El Cerrejon is one of the world's largest opencast coal mines and is owned by three London-listed mining companies, Anglo American, BHP Billiton and Xstrata. At 30 miles long and 3 miles wide

and growing, it is swallowing up the ancestral lands of communities of African descent and Wayuu Indigenous people. In August 2001, shortly after Anglo American bought a minority stake in the mine, the village of Tabaco was bulldozed without warning and many of its inhabitants evicted²⁰. The destruction of the village was completed in early 2002, just before Anglo American doubled its holding in the mine.

In February 2010, Wayuu women's organisations put out an urgent appeal to support their leaders who had been accused of terrorism and, it was alleged, targeted by the Colombian military because of their involvement at community, national and international level in denouncing the impacts of transnational companies, the armed conflict and destructive government policies towards Indigenous Peoples. Several women leaders have had to leave the region for their own safety²¹. Unionised workers at the mine, company officials and leaders of communities facing involuntary relocation for mine expansion have all received death threats in an atmosphere of conflict exacerbated by the presence of the mine.

AngloGold Ashanti, until early 2009 a subsidiary of Anglo American, was accused by Human Rights Watch of paying money to a 'murderous armed group' in order to gain entry into a region of the Democratic Republic of Congo, another country torn apart by conflict. Although the company expressed regret at its actions and promised to re-evaluate its activities in DRC, it continues to operate in the region. A report submitted to the UN Security Council in 2007 stated that there was still a clear correlation between the exploitation of gold and the activities of 'illegal armed actors'²².

Workers' rights

In 2009 the Colombian coal miners' union SINTRACARBON drew attention to the fact that 35 workers contracted to work at El Cerrejon by SOTRANS had had their contracts cancelled because they attempted to unionise. They condemned 'the coercion, harassment and persecution to which these workers are subjected by SOTRANS, a blood sucking company that treats its workers like slaves...'²³

Also in 2009 it was reported that the number of South African mine deaths fell to the lowest on record. As the National Union of Mineworkers of South Africa pointed out, the 170 deaths that year, although fewer than in previous years, was hardly a cause for celebration. Nor was the fact that AngloGold Ashanti 'made history' by achieving a fatality free three months in 2008. South Africa's worst post apartheid gold mining accident happened in 1995 when 105 workers plunged to their deaths when a cable supporting their cage was severed by a runaway ore train at the Vaal Reefs Mine owned by Anglo American.²⁴

But accidents at work only tell part of the story. Richard Spoor is a South African lawyer concerned with occupational injury and disease. In 2004 he met with a number of ex-miners from Lesotho, many of whom had worked for Anglo American who had lost their jobs after contracting lung disease attributable to the inhalation of dust in the work place. When he visited them the following year in Lesotho he found men so weakened by lung diseases they were unable to work and support their families who went hungry and whose children had to be withdrawn from school. Some of the miners had already died. There is no state pension in Lesotho and the miners receive no company pension. Public health resources are woefully under-resourced. If the miners received any compensation at all and they mostly did not, it was completely inadequate to meet their needs. Richard Spoor states that these are the circumstances that tens of thousands of men who worked as miners have found themselves in.

'They arrived as strong young men and they left crippled by injury and disease. They have been used and consumed like commodities and when they were all used up they were discarded like pieces of worn out machinery.'

He adds that thousands of workers die every year as a direct consequence of exposure to dust, and no employer has ever been held responsible or been prosecuted for this failure to look after

their workers' health and safety at work. They are assisted in this by weak South African legislation on occupational diseases, safety at work and compensation and a compliant Health and Safety Inspectorate.

Five generations of such extreme exploitation of the men from the rural communities of Lesotho and other neighbouring countries have left these communities impoverished and slow to develop. As one of the major employers, this is something in which Anglo American is deeply complicit²⁵.

Some of these former workers are now taking legal action against Anglo American South Africa, a subsidiary of Anglo American plc, over this issue.²⁶

Wrecking the environment

Despite the claims of many multinational mining companies, large scale mining projects are inherently unsustainable. Only the strictest environmental controls can mitigate some damage. When in 2002 a Canadian mining company sought to extend its zinc lead mine in Stratoniki in northern Greece without an EIA, in the face of community opposition, it cited Anglo American's Lisheen mine in County Tipperary in Ireland as a model of good environmental practice²⁷.

In Ireland, local objections to Anglo American's Lisheen lead zinc mine resulted in supposedly strict regulatory control. Ireland's first Integrated Pollution Control License was issued, allowing the company to claim that it operates to the highest environmental standards. But soon after the mine opened, the Irish Environment Agency noticed a deterioration in water quality in two rivers nearby. High levels of metals including lead and zinc in the sediments meant that farmers were advised to keep their animals away from certain stretches of the river, which were also closed to anglers, because of mine pollution²⁸. Ireland is a country with a functioning democracy and reasonably high levels of environmental regulation, and yet citizens were not able to prevent Anglo American from polluting their rivers and soil. How can such a company be brought to account in countries where civil society has little voice and is poorly supported?

Reaping the rewards of corporate irresponsibility

So who stands to gain from the actions of Anglo American which cause so much pain and suffering to people around the world? It would be too easy to point a finger at the super rich individuals like Eike Batista, the richest man in Brazil, who made billions of US dollars selling smaller mining companies to Anglo American²⁹.

There are other less obvious and considerably less wealthy beneficiaries. Those of us who live in parts of the world where we believe a car is a necessity or take for granted a reliable and affordable electricity supply should stop and reflect for a moment on the true cost of the platinum in our catalytic converters or the copper in our electricity cabling or the coal that drives many of our power stations. However, there are even less obvious beneficiaries than this.

The largest shareholder in Anglo American is PLC Nominees (pty) Ltd (holding a 33.5% share for clients as of August 2009), the second largest is Legal and General and the third largest is the Public Investment Corporation, a South African state owned fund manager³⁰. The Church of England also has investments in Anglo American³¹. Anyone fortunate enough to be able to look forward to a pension when they retire may well find that the pension fund that they and their employer pay into is invested on their behalf in Anglo American.

¹http://moneytometal.org/index.php?title=Special:Book/download/&collection_id=5b01c4ff2a23c748&writer=r1&return_to=From+Money+to+Metals

²<http://news.bbc.co.uk/1/hi/business/8523433.stm>

³<http://www.waronwant.org/campaigns/corporations-and-conflict/mining-conflict-and-abuse/inform/14777-anglo-american-the-alternative-report>

⁴<http://bcta-initiative.org/2010/01/27/anglo-american-unveils-further-commitment-to-job-creation-in-south-africa/>

⁵Mattera, P. **Anglo American`s Track Record : Rhetoric or Reality July 2008** www.eyeonpebblemine.org

⁶Mattera, P. as above

⁷<http://londonminingnetwork.org/2010/01/why-black-economic-empowerment-should-be-abolished-mbeki/>

⁸http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

⁹http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹⁰http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹¹http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹²http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹³http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹⁴<http://londonminingnetwork.org/2010/02/anglo-platinum-hands-off-richard-spoor/> ,
<http://londonminingnetwork.org/2010/02/communities-protest-against-british-based-mining-companies-in-south-africa/>
and <http://londonminingnetwork.org/2010/04/anglo-american-challenged-at-agm-full-report/>

¹⁵http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹⁶http://www.actionaid.org.uk/doc_lib/angloplats_miningreport_aa.pdf

¹⁷<http://www.minesandcommunities.org//article.php?a=125&highlight=launching,LMN>

¹⁸<http://www.waronwant.org/campaigns/corporations-and-conflict/mining-conflict-and-abuse/inform/14777-anglo-american-the-alternative-report>

¹⁹<http://www.waronwant.org/campaigns/corporations-and-conflict/mining-conflict-and-abuse/inform/14777-anglo-american-the-alternative-report>

²⁰<http://www.waronwant.org/campaigns/corporations-and-conflict/mining-conflict-and-abuse/inform/14777-anglo-american-the-alternative-report>

²¹<http://londonminingnetwork.org/2010/02/request-for-urgent-action-to-support-colombian-indigenous-leaders-2/>

²²<http://www.waronwant.org/campaigns/corporations-and-conflict/mining-conflict-and-abuse/inform/14777-anglo-american-the-alternative-report>

²³<http://www.minesandcommunities.org//article.php?a=9353&highlight=SINTRACARBON>

²⁴<http://www.minesandcommunities.org//article.php?a=9034&highlight=South,African,Mine,Deaths>

²⁵<http://www.minesandcommunities.org//article.php?a=171&highlight=Gold,miners,return,to,lesotho>

²⁶<http://londonminingnetwork.org/2010/04/anglo-american-challenged-at-agm-full-report/>

²⁷r.harkinson@btinternet.com

²⁸Mattera, P. **Anglo American`s Track Record : Rhetoric or Reality July 2008** www.eyeonpebblemine.org

²⁹http://moneytometal.org/index.php?title=Special:Book/download/&collection_id=5b01c4ff2a23c748&writer=rl&return_to=From+Money+to+Metals

³⁰http://moneytometal.org/index.php?title=Special:Book/download/&collection_id=5b01c4ff2a23c748&writer=rl&return_to=From+Money+to+Metals

³¹<http://londonminingnetwork.org/2010/02/c-of-e-sells-shares-in-vedanta-after-pressure-from-campaigners/>

Material concerning the 2010 AGM of Anglo American plc was accessed on 06/05/10. Otherwise, all of the above articles were accessed and checked on 01/04/10 except for [eyeonpebblemine.org](http://www.eyeonpebblemine.org), the link to which was broken at that time. It was last accessed in early April 2010.