

# Ethical CORPORATION

BUSINESS INTELLIGENCE FOR CORPORATE RESPONSIBILITY AND SUSTAINABILITY

The background image shows a vast industrial landscape under a clear blue sky with some clouds. On the left, a large, complex industrial plant with several tall, cylindrical smokestacks and intricate piping stands prominently. To the right, a construction site is visible, featuring a tall crane and a multi-story building under construction, heavily scaffolded. In the foreground, a yellow road roller is positioned on a newly paved asphalt road that stretches towards the horizon. The road is flanked by tall, dry grass. The overall scene suggests a large-scale industrial or infrastructure project.

## Anglo American Life Cycle Management Strategy: A Case Study

**A complimentary download – part of the intelligence exchange  
in the lead-up to The Responsible Extractives Summit 2016**





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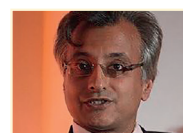
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**Sandy Stash**  
Group Vice President  
Safety, Sustainability  
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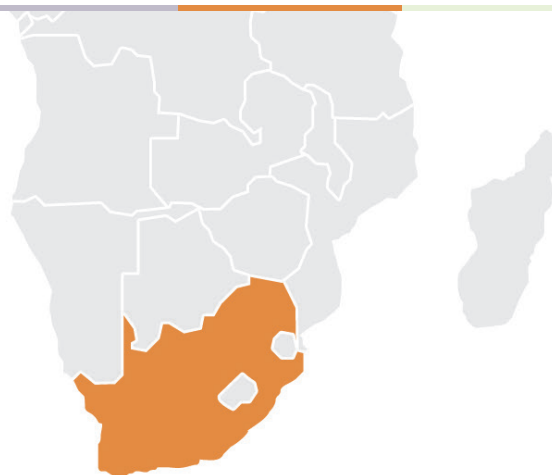
**Kurt Budge**  
Chief Executive  
Officer



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## 5.2. Anglo American Mine Closure Toolbox

The Anglo American Mine Closure Toolbox was formulated and developed around the concept of achieving sustainable closure through a multi-stakeholder approach based on an early forward-looking closure vision (ibid: 1). “Typically, closure planning has focused on the engineering aspects of a mine, that is, decommissioning of the workings and plant; dismantling of unusable infrastructure and rehabilitation of disturbed land. These are important aspects of closure, but a more holistic, long term approach that encompasses environmental and social aspects is required to leave a positive legacy” (ibid: 2).

Anglo American plc (AAPlc) developed the mine closure toolbox over a three-year period (2005-2008) in order to assist its operations in strategic long-term mine closure planning. It was later updated and made available to industry in September 2013 (Version 2, 2013). The toolbox expands the focus of mine closure planning from financial provisioning for rehabilitation and physical closure to planning for post-closure sustainability and positive legacy.

The toolbox is currently being implemented in AAPlc’s managed operations worldwide and is available in English, Spanish, and Portuguese. It is also being used in project development and planning to ensure that brownfield and greenfield sites are planned and designed with closure in mind. The toolbox consists of a strategic planning tool, a rapid assessment tool, and a tool that focuses on closing the identified gaps for achieving the closure vision. The three tools work

together to ensure that the infrastructure, physical, biological, and socio- economic aspects of mine closure are addressed in an integrated manner (ibid: 3).

The strategic planning tool focuses on understanding the broader economic, social, and environmental context surrounding a project and generating an understanding of the constraints and opportunities associated with mine closure within the broader operating environment. This needs to go far beyond a typical Environmental and Social Impact Assessment (ESIA), which is usually specific to the project area. Managing legacy and closure requires companies to widen their viewpoint to include aspects such as availability of appropriate healthcare in the labor sending areas in order to ensure that when employees and contractors return home, their health needs are adequately met (particularly if suffering from chronic conditions). According to Rudolph Botha, AAPlc Mine Closure Lead and toolkit architect, “one of the key tests of this stage is ‘will the final closure plan be accepted by the majority of interested and affected parties at the end of the life of the mine?’”

The second component, the rapid assessment tool, is used to evaluate the status of the mine’s closure plans particularly with regard to infrastructure, physical, biological and social closure requirements.

The third and final tool helps identify the actions needed to address the gaps identified by using the rapid assessment tool, within the context of the closure vision identified in the first tool (strategic



The Oaks diamond mine in South Africa, before and after rehabilitation aided by Anglo American's Mine Closure Toolbox

planning). This allows for scheduling, allocating resources and budgeting. This phase also requires the engagement of interested parties (ibid: 4).

According to Botha, the emphasis of the toolkit is on early planning, to ensure both better community buy-in and that efficiencies can be made around cost. Although the toolkit is mainly used at the project planning phase, it is also applicable to brownfield sites.

### 5.2.1. Applicability to the exploration phase

The tool might not be fully applicable during exploration, as at this stage the emphasis would be more on minimizing the impacts of exploration activities than on developing a closure vision. However, the tool can be used during the exploration phase to ensure that areas impacted by exploration leave no negative legacy behind. Even though the level of disturbance might be less during exploration, it could be over a far wider area. This makes it possible to apply a "legacy lens" to community engagement efforts and lay solid foundations for closure planning.

The emphasis at the exploration phase should be about creating a culture of sustainable community engagement rather than sharing the specifics of closure. According to Botha, "there is so much exploration activity that doesn't get to the project planning phase so you have to find the balance between 'over consulting' and creating expectations and not consulting and not managing expectations." However, Botha agrees that there is not enough emphasis on getting the right people to communicate

with the community from the very start of the exploration phase. Usually the first people on the ground are technical experts who have not had professional community relations training. A way to address this, according to Botha, would be to bring in a professional community relations specialist as soon as there is a high chance of a feasible project, to act as the main community consultation point person, and to remain in that position until the end of the project phase, if not beyond.

### 5.2.2. Partnership

"An important factor for success is to initiate mine closure planning at an early stage, integrating both environmental preservation and social development through best practices and strong partnerships" (Mello et al., 2014).

The toolkit advocates a multilateral approach to closure planning. "It is critical to note that mine closure is not the sole responsibility of mining companies, nor is it possible for mining companies to achieve mining closure alone. A concerted multi-stakeholder approach is required, in which partnerships are created and risks, responsibilities and opportunities are shared and managed" (Botha et al., 2014: 13).

Successful closure planning requires strong governmental capacity, particularly around ensuring the long-term sustainability of social investment projects. According to Botha, the often-high turnover of governmental staff, particularly as a result of electoral changes, poses a critical challenge in this regard.

AAplc tries to manage the issue by building partnerships within the community to support sustainability of their community investments.

Botha maintains that the business case for adopting the toolkit is significant and has the potential to reduce the “end of mine life” financial liability of some large open pit operations by around 30%. Furthermore, application of the toolkit has enhanced cross-functional coordination within organizations such as Anglo American, particularly between the communications, environment, finance and social teams and between different operational projects. This coordination has greatly enhanced peer-to-peer learning. Botha maintains that although the physical and environmental aspects of a project have traditionally been at the forefront of closure planning, the social agenda is steadily gaining traction.

AAplc’s social investment spend is significant and social closure is increasingly being treated as an operational cost. Social teams now need to be able to demonstrate that such investment is generating value for money, which it is increasingly able to do through the sustainable development of a strong social licence to operate. Developing such a licence reduces stoppages on account of community protest, provides a constant flow of data from the community (thus reducing the need for external consultants), and paves the way for future expansion. As Botha maintains, “in future, it will not ultimately be the government that decides whether a project will be accepted or granted, it will be the community.”

### 5.2.3. Key lessons

According to Botha, AAplc has learned several key lessons through the development of the AAplc toolkit.

- Start planning early. However, you have to know what it is you’re able to achieve sustainably at closure, before you can consult around it. As such, what can and cannot be achieved sustainably at closure should drive the interaction with interested and affected parties and governments.
- View social closure as an operational activity and as an operational cost rather than as a series of programs to implement towards the end of the life of the mine.
- Ensure cross-functional coordination within your organization and the integration of closure planning into Life-of-Mine (LOM) planning. Staff and employees may not always understand the liability they are creating with their decisions, and as such cross-functional coordination and integrated planning could help manage closure liability and prevent future value destruction.
- By adopting best practice such as the AAplc toolbox, you are almost certainly meeting (and in some cases exceeding) current legislative and regulatory requirements, thereby ensuring the management of future legislative changes and unpredictability.

Although AAplc spent around USD 1 million over five years to develop the toolkit, the company has released it publicly for any company to use. In an article to the Canadian Institute of Mining, Metallurgy and Petroleum, Botha claims “Hopefully industry will take this on and use it...Hopefully we can all plan better, design better, and manage operations better, and in doing so, improve the overall legacy for mining as a whole. It has certainly added a lot of value for us” (CIM, 2014).





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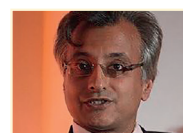
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