

Anglo Platinum - G3 Project Proposal - 2008

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TITLE:

**Project proposal for Anglo Platinum to make a
meaningful switch to
G3 sustainable development reporting**

A logical framework analysis

“There is a risk that sustainability reporting will not inspire deep change, but could become a dry bureaucratic diversion.” (Confino 2008)

A COMMUNICATIONS AND CHANGE MANAGEMENT PROJECT

DECLARATION

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Executive summary

This project proposal has as its topic a communications and change management project within Anglo Platinum, called the G3 Project. It is being submitted as an integrated assignment for the MPhil programme on sustainable development in the Department of Public Management and Planning at Stellenbosch University and is also intended for consideration by the executive management of Anglo Platinum.

The G3 Project proposal document has been drafted based on the logical framework analysis (LFA) approach and format envisaged by Örtengren (2004). LFA is a widely accepted methodology for setting out project proposals. It provides a basis for identifying a problem in society, and for analysing its causes and effects. This then provides a basis upon which to identify actions that will address the causes of the problem. This project proposal covers each of the nine stages of the LFA guidelines, as follows: context analysis; stakeholder analysis; problem analysis; objectives analysis; plan of activities; resource planning; indicators; risk analysis; and assumptions.

The focal problem of the analysis is that corporate sustainable development reporting has become mostly a bureaucratic, “tick-box process” under Global Reporting Initiative (GRI) 2002 guidelines. As Confino (2008) has alerted us, “There is a risk that sustainability reporting will not inspire deep change, but could become a dry bureaucratic diversion.” Therefore, the overall objective of the project is to ensure that corporations use their sustainable development reports to make ambitious commitments to sustainability, as a means of addressing global sustainability challenges. Its purpose is to ensure that Anglo Platinum’s sustainability reporting, compiled using the GRI G3 guidelines, is used as a vehicle for the company to make ambitious commitments to addressing the material societal sustainability issues over which it has control; and results in fundamental changes in the company’s business processes. The outputs of the G3 Project, which are designed to meet the project’s purpose, include compiling the 2008 Anglo Platinum sustainable development report in line with the requirements to meet the GRI’s G3 B+ self-declaration level;¹ setting ambitious, sustainability-related targets and developing management plans to address Anglo Platinum’s material sustainability issues; and ensuring that the 2009 Anglo Platinum sustainable development report is structured and in line with GRI’s A+ requirements. For these outputs to be achieved, a budget of R8 million will need to be made available for the G3 Project over the next three years.

Questions may be raised about what the business case is for doing such a project. However, according to a recent Globescan/SustainAbility survey of corporations, academics, NGOs and sustainable development experts, the reason why it is important for companies in general to address those social sustainability challenges over which they have control is that they are believed to be key players, more so than governments and non-governmental organisations (NGOs), in providing leadership on sustainable development over the next ten years. This was reiterated by Hart (2005), who states that corporations are the only entities in the world today with the technology, capacity and global reach required to lead us towards a sustainable world.

This project proposal is directed at the executive management of Anglo Platinum, for its consideration in deciding the future path of sustainable development reporting -- and of sustainability itself -- within the company.

¹ The GRI introduced the concept of application levels in 2006. B+ means that a report is independently assured and includes information and data on 20 performance indicators across economic, environmental, human rights, labour, societal and product responsibility. A+ means that a report is independently assured and responds on each of 63 core indicators, with due regard to materiality. See Section 1: Context analysis for details on how materiality is determined.

Introduction

Anglo Platinum has produced seven consecutive sustainable development reports since 2001. The Company started producing sustainable development reports owing to growing pressure from stakeholder groups – including investors, the Government and NGOs – for increased disclosure and accountability on matters of a non-financial nature. This included, inter alia, transformation, environmental impact performance and what was being done to uplift the communities around its operations. The sustainable development reporting process in Anglo Platinum has become mostly a “tick-box exercise” against the requirements of the GRI’s 2002 guidelines: it is not resulting in the fundamental change needed within the company to help address society’s sustainability challenges.

To address these limitations, this document details a communications and change management project proposal for the G3 Project. The project is intended to reshape the way sustainable development reporting and associated organisational management are approached in Anglo Platinum,² thereby ensuring that the company’s sustainability reporting, compiled using the GRI G3 guidelines, is used as a vehicle for the company to make ambitious commitments to addressing material societal sustainability issues over which it has some measure of control, which commitments will in turn lead to fundamental changes in the company’s business processes. This proposal is intended for the consideration and approval of executive management. It is also being submitted as an integrated assignment for the MPhil programme on sustainable development in the Department of Public Management and Planning at Stellenbosch University.

The G3 Project proposal was drafted using a logical framework analysis (LFA) approach. LFA is a widely accepted methodology for setting out project proposals. It also provides a systematic basis for identifying a problem in society, and for analysing its causes and effects (Örtengren 2004). This then provides a basis from which to identify actions that can address the causes. Developed during the 1960s, since the 1970s the LFA methodology has been widely used all over the world, by private companies, municipalities and almost all international development organisations, to assess, follow up on and evaluate projects and business plans. An LFA approach requires following nine clearly defined steps in order to assist in systematically and rigorously determining the relevance, feasibility and sustainability of a project (Örtengren 2004). These nine steps fall into three areas, namely relevance, feasibility and sustainability.

Relevance: With the assistance of steps 1–4 of the LFA (context; problem analysis; stakeholder analysis; and objective analysis), it is possible to establish whether the project proponents involved are intending to do the right thing. This involves analysing the market environment; identifying a critical problem; establishing who is affected by this problem and who must be involved in meeting it; and setting realistic long-term and short-term goals and objectives to effect a plan to address the problem. These steps will help to ensure that the project idea at least relevance, and therefore an initial prospect of success.

Feasibility: With the assistance of steps 5–7 of the LFA (activity plan; resource planning; and indicators of objective fulfilment), the project proponents interrogate whether they are setting about their plans in a way that is feasible, with appropriately conceived activities, sufficient resources, and an understanding of how to measure progress. These steps help to ground the proposal and to define it in more realistic terms.

² For a background to Anglo Platinum as a company, see Appendix 1.

Sustainability: With the aid of steps 8–9 (analysis of risks; and assumptions), the stakeholders step back, assess the internal and external risks involved in the plans, and in the light of these revise the plans appropriately to ensure that they have reasonable risk-management strategies in place to ensure that the project succeeds. It is important to point out that the term “sustainability” is used in two different contexts in the G3 Project proposal. In the main, it refers to the state of humanity and to our ability to survive on our planet given the rapid depletion of non-renewable resources and humanity’s impact on ecosystems. The term used in this context is described in more detail in Section 2. The term “sustainability” is also used to describe the project’s ability to survive and run its course in order to deliver on its purpose.

In evaluating the G3 Project, a series of goal-orientated project planning workshops and meetings were held with internal and external stakeholders. The purpose of these workshops and meetings was to determine why the change in approach to reporting is needed at Anglo Platinum, and to gain consensus on what should be done to improve reporting and the company’s sustainable development performance. The outcomes of the goal-orientated project planning workshops and meetings have been included in the G3 Project proposal under the relevant sections. These include Section 1 – Context analysis; Section 2 – Stakeholder analysis; Section 3 – Problem analysis; Section 4 – Objectives analysis; Section 5 – Plan of activities; Section 6 – Plan of resources required; Section 7 – Indicators and measures; Section 8 – Risk analysis; and Section 9 – Analysis of assumptions.

It is recommended that this G3 Project proposal be evaluated and approved in its totality, to ensure that sustainable development reporting become more than just a “tick-box process” within Anglo Platinum.

Section 1: Context analysis

1.1 Introduction

Over the past seven years, Anglo Platinum has used sustainable development reporting as a means of communicating its overall sustainable development performance to its wide stakeholder base. (Appendix 2 provides a comprehensive list of Anglo Platinum stakeholders.) This has been in response to, among other things, increasing pressure on the Company from analysts and shareholders to disclose information on its environmental, social and economic performance; and the requirements of the South African Mining Charter's scorecard, which requires public disclosure of the Company's socio-economic performance.

This section of the G3 Project proposal provides details of the methodology used to set the project context; provides a background to the concept of sustainable development and business; assesses how South Africa and South African business in general are responding to sustainable development challenges; evaluates sustainable development reporting and the formation of the GRI, and how many companies are using GRI; determines how two peer mining companies have shifted their reporting to be in line with the GRI-G3; and reviews whether or not sustainable development reporting has led to organisational change in other organisations.

1.2 Methodology used to establish the project's context

The methodology used to define the project context consisted of a review of the formal academic literature relating to relevant aspects of sustainability and sustainable development; internet-based research; and discussions with key Anglo Platinum employees who have been involved in sustainable development reporting at the Company from the outset.

1.3 Sustainable development and the mining sector

1.3.1 Sustainable development and business

Humanity is having an unprecedented and unsustainable impact on the world's natural resources. According to the World Wide Fund for Nature's *Living Planet Report 2004*, humanity is currently estimated to be consuming natural resources at a rate that is 22% above that of the natural ecosystem's ability to renew those resources. In 2005, the Millennium Ecosystem Assessment used a group of 1 360 experts from around the world to assess the state of our global ecosystems. The report revealed a dramatic deterioration, with at least two-thirds of all the earth's ecosystem services either degraded or being used unsustainably. These include ecosystems that provide resources such as water, fuel and food; those that conduct essential services such as climate regulation, water purification and waste elimination; and those that provide aesthetic and recreational value for human well-being. According to the Lifeworth Annual Review of Corporate Responsibility 2007, if every person on the planet lived as Europeans do, we would need three planets to support the resultant ecological footprint. This concern about the planet's ability to support humanity is not new. According to Pezzoli (1997), the urban and industrial roots of environmentalism go back to the late

1800s. Women such as Jane Adams, Florence Kelly and Alice Hamilton were the first great urban environmentalists (Pezzoli 1997). In her publication *Industrial Poisons in the United States* (1925), Hamilton looked at the ways in which health and environmental politics intersect. The Progressive Era (1880s–1920s), the Regional Planning Association of America, the Tennessee Valley Authority and the Garden Cities movements also all expressed concerns about sustainability, even if this precise term was not yet in use at the time (Pezzoli 1997).

Pezzoli (1997) states that the 1970s represented a turning point in the use of sustainability as a concept to guide development. In 1972 the Club of Rome, a network composed of researchers, industrialists, managers and scientists from around the world, published *The Limits to Growth*, a report outlining the predicament of humankind (Meadows et al. 1972). The report concluded that “if the present growth trends in the world population, pollution, food production, and resource depletion continue unchanged, the limits to growth on this planet will be reached within the next one hundred years”. The report also concluded that it is possible to alter these growth trends and to establish a condition of ecological and economic stability that is sustainable far into the future (Pezzoli 1997). Aware of the predicament and profound challenges described by the Club of Rome, prominent scholars and leaders came together at a series of meetings and conferences to discuss the issues (Pezzoli 1997). In 1972, the Stockholm Conference on the Human Environment led to the establishment of the United Nations Environmental Programme (UNEP). In 1974, UNEP and the United Nations Conference on Trade and Development convened the Cocoyoc Seminar on Alternative Patterns of Resource Use, which was held in Mexico and covered environmental and developmental strategies. According to Pezzoli (1997), the Cocoyoc meeting brought together two major strands of that period’s alternative development movement: those who argued that priority should be given to satisfying the basic needs of people, including food, water and shelter, rather than to simple growth maximisation; and on the other side those who were concerned with the outer limits of the Planet’s resources and environment to sustain such growth. This historic union was an important advance in the developmental thinking of the time (Pezzoli 1997). Furthermore, Pezzoli (1997) states that the term “sustainable development”, although undefined, was already in use at the time of the Cocoyoc meeting and primarily as a catalyst for debate over the relationship between economic growth and the natural resource base upon which it depends.

Following Cocoyoc, the next major development was the establishment, in 1983, of the World Commission on Environment and Development (WCED) by the General Assembly of the United Nations (Pezzoli 1997). The WCED functioned as an independent body linked to, but outside the control of, governments and the United Nations system. The then Prime Minister of Norway, Gro Harlem Brundtland, chaired the WCED, which was made up of foreign ministers, finance and planning officials, policy makers in agriculture, science and technology, and other representatives drawn from a total of 21 countries. The WCED conducted public hearings on five continents, over a three-year period, bringing the discussion on sustainable development to literally millions of people around the world (Pezzoli 1997). This work culminated in a report entitled *Our Common Future*, also known as the Brundtland Report. It was in this report that the term sustainable development was first defined as:

development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainable development contains within it two key concepts: the concept of “needs”, in particular the essential needs of the world’s poor; and the idea of limitations imposed by the state of technology and social organisation on the environment’s ability to meet present and future needs. The term was deliberately

conceived to be something more palatable to developers, economists, businesses and governments than the environmentalists' hard line of the time. Rather than challenge the idea of growth directly, it sought instead to modify the kind of growth strategies that were being pursued (Dresner 2002).

Although the "Brundtland" definition of sustainable development is widely used to this day, there still appears to be much confusion about what sustainable development really means. It has been recognised that the sources of conceptual confusion surrounding the term "sustainable development" are linked closely to the lack of agreement regarding exactly what is to be sustained, for whom, and by what means (Redclift 1991 & Frazier 1997). Jacobs (1999) describes this conceptual confusion as "fault-lines" that represent internal tensions within the concept of sustainable development itself. On each one of these fault lines, two principally opposed and competing conceptions of sustainable development can be found, with a continuum of possible positions between the two polar extremes (Jacobs 1999).

In terms of Jacobs' 1999 analysis, these fault lines have to do with the degree of environmental protection that is envisioned to attain sustainable development; the emphasis placed on equity as a prerequisite for sustainable development; the measures and nature of participation required to attain sustainable development; and the scope of the subject area covered by the concept of sustainable development (Hattingh 2001).

Nevertheless, irrespective of the debates around what sustainable development means, the overall concept has come to be understood to mean the challenge of eradicating poverty in a way that rebuilds eco-systems and natural resources for human survival (Swilling 2007).

Sustainable development issues within companies are typically addressed through what has commonly become known as corporate social responsibility (CSR). CSR arises from a deeply held vision by corporate leaders that business can and should play a role beyond just making money. It embraces the understanding that everything a company does has some flow-on effect either inside or outside the company, from customers and employees to communities and the natural environment. CSR essentially encompasses four distinct areas, namely the environment, the workplace, the community and the marketplace. Within these four areas, companies are able to make a difference by conducting specific programmes and actively becoming involved in monitoring, and changing, the effects of their operations on society (Andriof & McIntosh 2001).

CSR is synonymous with the concept of corporate citizenship (Andriof & McIntosh 2001). Citizenship is defined as the rights and duties of a member of a country. Companies, as independent legal entities, are members of countries and can be thought of as corporate citizens with legal rights and duties (Andriof & McIntosh 2001). All companies are therefore corporate citizens but their citizenship performance varies, just as it does for individual citizens. According to Marsden and Andriof (1998), good corporate citizenship can be defined as:

understanding and managing a company's wider influences on society for the benefit of the company and society as a whole.

According to Elkington (1998), some of the drivers pushing business and companies towards CSR include:

The shrinking role of government. In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, have led to the exploration of voluntary and non-regulatory initiatives.

Demands for greater disclosure. There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors and activist organisations, and this is often the reason why companies publicly report on their sustainable development performance.

Increased customer interest. There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

Growing investor pressure. Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, assets worth more than \$2 trillion were invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks (Elkington 1998).

Competitive labour markets. Employees are increasingly looking beyond pay cheques and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve their working practices.

Supplier relations. As stakeholders become increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

Elkington (1998) states that some of the benefits to companies of adopting CSR policies include:

Company benefits: improved financial performance; lower operating costs; enhanced brand image and reputation; increased sales and customer loyalty; greater productivity and quality; a better ability to attract and retain employees; reduced regulatory oversight; access to capital; workforce diversity; and product safety and decreased liability.

Benefits to the community and the general public: charitable contributions; employee volunteer programmes; corporate involvement in community education, employment and homelessness programmes; and product safety and quality.

Environmental benefits: greater material recyclability; better product durability and functionality; greater use of renewable resources; integration of environmental management tools into business plans, including life-cycle assessment and costing; environmental management standards; and eco-labelling.

Hart (2005) further reinforces the role of business in addressing society's sustainability challenges by stating that business, more than either government or civil society, is uniquely equipped at this point in history to lead us towards a sustainable world in the years ahead. Corporations are the only entities in the world today with the technology, resources, capacity and global reach required to address the sustainability challenges of our time.

There is a tremendous ethical obligation on business to act responsibly and to address society's sustainability challenges. As Bakan (2005) states, big business has emerged as probably the most powerful human force on the planet – stronger possibly than the institutions of Church or Monarchy ever were. According to him, corporations probably govern the world more than do governments (Bakan 2005).

To assess how business is actually performing from a sustainable development perspective it is worth mentioning the results of the recent survey of more than a 1 000 executives and business leaders worldwide by the Economist Intelligence Unit,³ which found the following:

- **Corporate sustainability targets have not been included in overall executive responsibility.** More often than not, sustainability goals, whether on workplace diversity, energy efficiency, community relations or supply chain ethics, are not included as part of executives' overall responsibilities. Six out of ten executives globally noted that they or their team had been given no specific goals to achieve. Accordingly, few executives globally (18%) said that their remuneration depended on hitting any sustainability targets.
- **Sustainability efforts are typically guided by the need to address areas of immediate or potential vulnerability.** Marketing, ethical trading and sourcing issues feature far more prominently than activities such as charitable donations, community investments or employee volunteering.
- **There is a degree of clear involvement in sustainability at the top of the company, but less engagement at lower levels.** Almost three-fifths of respondents to the survey agreed that management sets the pace, with nearly four in ten (37%) saying that direction comes from board level.
- **Firms agree that they should do more to embed sustainability processes into their day-to-day operations.** Unless staff members genuinely believe that such policies are part of, and even help to define, the culture of a company, and that management will even forego revenue to uphold these principles, the temptation to break rules will remain strong. Yet the survey showed that two-thirds of respondents (66%) have not been consulted by their companies regarding how sustainability issues can be integrated into their daily jobs.
- **Despite progress, there is still more talk than action.** The disjuncture between aims and reality, although narrowing, is still apparent. The survey showed that between one quarter and one third of respondents felt that there was "more talk than action". Where action is taken, it tends to be in areas that directly and obviously affect customer perceptions and sales.

The G3 Project described in this document is intended to begin to address these issues, and to ensure that sustainable development is indeed integrated into the fabric of Anglo Platinum plc.

1.3.2 Sustainable development and mining in the South African context

In the South African context, the global sustainable development agenda was only fully embraced in 1993, when the new Constitution of the Republic of South Africa was drafted, taking cognisance of, among other things, global issues around human rights, and social and environmental justice (Costus 2005). The Constitution of South Africa specifically includes an environmental and sustainable development clause in section 24 of the Bill of Rights chapter, which embraces the principles of sustainable development and reads:

³ The Economist Intelligence Unit is one of the world's foremost providers of country, industry and management analysis. It was founded in 1946 when a director of intelligence was appointed to serve the financial journal, *The Economist*.

Everyone has the right to an environment that is not harmful to their health or well-being; and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that

- prevent pollution and ecological degradation;
- promote conservation; and
- secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The South African Constitution thus compels the Government to give effect to people's environmental rights, and also places the Government under a legal duty to act as a responsible custodian of the nation's environment. Furthermore, it compels the Government to pass legislation and use other measures to secure sustainable development. To this end, the South African Government undertook a law reform programme to ensure that the principles of sustainable development were inculcated in all aspects of the country's legislation. The most important piece of legislation to affect sustainable development in South Africa is the National Environmental Management Act (NEMA), Act No. 107 of 1998. Providing an underlying framework, the act sets the principles for sustainable development that cut across all South African legislation (Costus 2005). Furthermore, NEMA provides a definition of sustainable development as:

the integration of social, economic and environmental factors into planning, implementation and decision-making so as to ensure that development serves present and future generations.

South Africa's Minerals Act of 1991 was reviewed as part of the law reform process and now also embraces the principles of sustainable development. The new legislation, known as the Minerals and Petroleum Resources Development Act (MPRDA), Act No. 28 of 2002, came into operation on 1 May 2004. Section 37 of the MPRDA embraces the guiding sustainable development principles set out in section 2 of NEMA, making them applicable to all mining projects and activities and therefore to Anglo Platinum. One of the objectives of the act is to ensure that holders of mining rights contribute towards the socio-economic development of the areas in which they are operating.

The South African Mining Charter, published in General Notice 1639/2004 in *Government Gazette GG2661* of 13 August 2004 in terms of section 100(2) of the MPRDA, was developed through a process of consultation between the mining and minerals industry and the Government, and ratified in October 2002. The Mining Charter (its full name is the Broad-Based Socio-Economic Charter for the Mining Industry) is designed to bring into effect the aims of the MPRDA. Its overall goal is to "create a mining industry that will proudly reflect the promise of a non-racial South Africa". The Mining Charter carries an annexure produced by the Government, known as the "Mining Scorecard". This provides measures or indicators for assessing the progress of mining companies in respect of a number of key areas as they relate to socio-economic goals. One of the requirements of the Mining Scorecard is public reporting on company compliance with the Mining Charter.

In 2006, Government released its draft *National Framework for Sustainable Development*. The draft framework document aims to inform, improve and guide cross-sectoral policy integration of sustainable development in all areas of significance within South Africa's development agenda.

Like recent legislation, the corporate social responsibility (CSR) agenda in South Africa has been significantly influenced by the country's past. During the apartheid years South Africa was largely isolated from developments in CSR thinking. Moreover, many corporations and mining houses in fact played a role in shoring up the repressive government (Hamann 2004). Since South Africa's transition to democracy, initiated in about 1990, two important categories of institutional change have taken place, with implications for the evolving CSR debate in the country's mining industry. The first category relates to market-driven changes. In the early 1990s, South Africa's capital markets were gradually reintegrated into international markets, and corporations experienced increasing pressures to adapt to international expectations (Hamann 2004). One result has been organisational restructuring, in order to focus on core competencies and to fall in line with the King II Report on Corporate Governance (Hamman 2004).

The second category of institutional change has followed from the fact that many large South African companies now have either their primary or their secondary listing in one of the world's main stock exchanges, most commonly London (Hamann 2004). Examples include Anglo Platinum's majority shareholder, Anglo American, and others such as BHP Billiton, South African Breweries and Mondi. These moves have had significant effects on such companies' policies and management structures related to CSR, driven especially by stringent corporate governance guidelines and investors' expectations. Hamann (2004) quotes one company manager as noting that "Our move to London was critical; we became subject to the Turnbull corporate governance requirements, which is why we do these comprehensive risk reports"; and another as arguing that "Once we were listed in London, the whole world was watching."

Market-based drivers for CSR have also gained prominence in South Africa. The South African Johannesburg Securities Exchange (JSE) has adopted a corporate governance code that features far-reaching requirements with pertinence to corporate citizenship, particularly as they relate to public reporting on social and environmental issues (King Committee on Corporate Governance, 2002). The JSE also runs a Socially Responsible Investment Index, the first of its kind in the developing world (Newton-King & Le Roux 2004). This index has been aligned with the FTSE4Good⁴ Indices since 2007.

It has been these several drivers that have resulted in companies like Anglo Platinum reporting on their sustainability performance.

1.3.3 Sustainable development reporting and business

Sustainability reporting is a broad term used to describe reporting on the economic, environmental and social impacts of an organisation, and is synonymous with other terms such as "triple bottom line reports" and "CSR reports" (Porritt 2005). The phrase "triple bottom line" was coined by John Elkington in his 1998 book,

⁴ FTSE4Good is a joint venture between the Financial Times and the London Stock Exchange. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies listed on the index

Cannibals with Forks: The Triple Bottom Line of 21st Century Business. In its broadest sense, the triple bottom line captures the spectrum of sustainable development values that organisations must embrace, and includes economic, environmental and social aspects. In practical terms, triple bottom line accounting means expanding the traditional company reporting framework to take into account not just financial outcomes, but also environmental and social performance (Elkington 1998).

According to Porritt (2005), the triple bottom line has been seized upon both by business practitioners and commentators as the easiest way of “grounding” the debate surrounding sustainable development. Inasmuch as it has been successful in this important but limited purpose, and has enabled some companies to think in a much more integrated way about addressing their environmental and social responsibilities, the triple bottom line has played an important part in the evolution of sustainable development consciousness. However, the concept has clear limitations, particularly in regard to the way in which each of the respective “bottom lines” is interpreted (Porritt 2005). The economic bottom line has come to mean little more than business as usual: profits, dividends, return on investments, productivity and growth, with environmental and social information and costs only rarely included or integrated in the company accounts and being covered instead in stand-alone environmental or CSR reports.

Building on the concept of the triple bottom line, is the five capitals framework. Porritt (2005) believes that the premise behind the idea of the five capitals framework is that society cannot reform capitalism without adopting some of its insights, tools and drivers. In the five capitals framework the basic concept of capital, as in any stock capable of generating a flow, has been elaborated upon to arrive at a hypothetical model for sustainable capitalism (Porritt 2005). It entails five separate stocks namely, natural, human, social, manufactured and financial capital.

High values of these capitals deliver value to both organisations and society, not to mention improving the quality of life of stakeholders. Financial capital is crucial to the ongoing survival of an organisation and is simply derived from the value that the other four capitals provide. All of the capitals are interlinked and there is some overlap between them. The whole system is encircled by the principle of accountability, representing the relationship that an organization has with the outside world – with its stakeholders and for its stewardship of the five capitals. The capitals need to be managed for the long term, not just the immediate return, building up stocks of capital and living off the interest that this creates. They also need to be recognised as interdependent, where changes in one are likely to cause an impact on another. Likewise, one form of capital cannot simply be traded against another (Porritt 2005).

In terms of the five capitals model, “Natural capital” means the natural resources (energy and matter) and processes needed by organisations to produce their products and deliver their services. They include sinks that absorb, neutralize or recycle wastes; resources, some of which are renewable (e.g. timber, grain, fish water), whilst others are not (e.g. fossil fuels); and processes, such as climate regulation and the carbon cycle, which enable life to continue in a balanced and healthy way.

“Human capital” incorporates the health, knowledge, skills, intellectual outputs, motivation and capacity for relationships of the individual. In an organisational context it includes the elements needed for people to

engage in productive work and the creation of wealth, thereby achieving a better quality of life. Human capital is also about dignity, joy, passion, empathy and spirituality. "Social capital" is any value added to the economic outputs of an organisation by human relationships, partnerships and co-operation. Social capital includes, for example, networks, communication channels, families, communities, businesses, trade unions, schools and voluntary organizations as well as cultural and social norms, values and trust. "Manufactured capital" refers to material goods and infrastructure owned, leased or controlled by an organization that contribute to production or service provision, but do not become embodied in its output. Examples include: tools, technology, machines, buildings and all forms of infrastructure. 'Financial capital' reflects the productive power and value of the other four types of capital and covers those assets of an organization that exist in a form of currency that can be owned or traded, including (but not limited to) shares, bonds and banknotes (Porritt 2005).

'Accountability' consists of three elements namely; transparency which means the duty of an organisation to account to its stakeholders. Responsiveness means the need to respond to stakeholders. Compliance means the duty to comply with standards to which an organisation is voluntarily committed, and rules and regulations that it must comply with for statutory reasons. An organisation's accountability is fulfilled by being transparent, being responsive and by its compliance with appropriate rules; and by engaging with and accounting to stakeholders for its performance in these respects. Organizational accountability is based on effective engagement with stakeholders. It is through the G3 Project that Anglo Platinum will ensure that there is meaningful integration and organisational change to address material sustainability challenges over which the company has an element of control.

There are many drivers behind why organisations produce sustainability reports and some of the key drivers are discussed in this section. In 2000 the United Nations Global Compact was launched, to address some of the world's more intractable problems by challenging business leaders to adopt and apply nine operating principles across human rights, labour and environmental practices. Almost 4 000 organisations from 116 countries, among them trade unions, non-governmental organisations (NGOs) and some 3 100 businesses, have so far subscribed to the Global Compact, pledging to observe the universal principles related to human rights, labour rights, the environment and the struggle against corruption and to report publicly on performance (Porritt 2005). The Dow Jones Sustainability Index and the FTSE4Good Indices were launched in the USA and UK in 1999 and 2001 respectively. Both of them require that companies wishing to qualify should publicly report on their economic, social and environmental performance against acceptable indicators. In early 2005, the then Secretary General of the UN, Kofi Annan, invited a group of the world's largest institutional investors to join a process to develop the Principles for Responsible Investment (PRI). Individuals representing 20 institutional investors from 12 countries agreed to participate in the Investor Group. They were supported by a 70-person multi-stakeholder group of experts from the investment industry, intergovernmental and governmental organisations, civil society and academia. The process was coordinated by the United Nations Environment Programme Finance Initiative (UNEP-FI) and the UN Global Compact. Until the initiation of this process, the role of financial markets in sustainable development was not only little understood but was also widely discounted.

The PRI have helped to change this state of affairs (Carpenter & Wyman 2007). Launched in April 2006, they are in essence a set of global best practices for responsible investment. Rising numbers of institutional investors, from all regions of the world (representing investments of more than eight trillion dollars in the first

year alone) are embracing them, marking a major advance in mainstream financial markets. The PRI have quickly become the global benchmark for responsible investing. By incorporating environmental, social and governance criteria into their investment decision-making and ownership practices, the signatories to the Principles are directly influencing companies to improve performance in these areas. This, in turn, is contributing to the United Nations' efforts to promote CSR and to build a more stable, sustainable and inclusive global economy. The Principles are intended to complement the UN Global Compact and are a natural extension of the work of the UNEP-FI, which has helped to sensitise capital markets to the importance of environmental and social issues (Carpenter & Wyman 2007). From a company reporting perspective it is worth drawing attention to Principle 3, which states:

We will seek appropriate disclosure on environmental, social and governance issues by the entities in which we invest.

Clearly this is the most applicable principle from a sustainable development reporting perspective. Possible actions recommended to investors under Principle 3 include:

- requesting standardised reporting on environmental, social and governance issues, using tools such as the GRI;
- asking for environmental, social and governance issues to be integrated within annual financial reports;
- asking for information from companies regarding the adoption of, and adherence to, relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact); and
- supporting shareholder initiatives and resolutions promoting environmental, social and governance disclosure.

There is undoubtedly growing pressure from many sectors of society on companies to report on their sustainability performance. Because the GRI's guidelines provide the most appropriate framework for doing this, it is discussed in more detail in the next sub-section.

1.3.4 The Global Reporting Initiative (GRI)

This section of the context analysis provides a brief history of the GRI and of the processes that led up to the formulation of the G3 guidelines.

The GRI is an international, multi-stakeholder effort to create a common framework and set of indicators for voluntary reporting of the economic, environmental, and social impacts of an organisation. Its mission is to improve the comparability and credibility of sustainability reporting worldwide. It was launched as a joint initiative of the Boston-based Coalition for Environmentally Responsible Economics (CERES) and the United Nations Environmental Programme (UNEP), in order to enhance the quality, rigour and utility of sustainable development reporting around the world and to develop a disclosure framework for sustainability information.

The GRI was run by a steering committee of sustainability specialists until 2002. The first draft set of GRI reporting principles was released in 1999, with 20 organisations releasing reports against it. The GRI defines sustainability reporting as:

the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development.

The GRI finalised its first draft guidelines in 2000 and launched them during a worldwide outreach programme at events held in South America, North America, Australia, Europe, South Asia and Japan. In that same year the number of organisations reporting against the guidelines increased to 50. In 2001, the Board of CERES decided to make the GRI an independent institution. A structured feedback process on the new guidelines was launched, with the involvement of 30 companies. A provisional GRI Board was appointed and the former steering Committee dissolved in 2002, when the GRI was publicly inaugurated at the United Nations in New York City. That same year, the second version of the GRI's sustainability reporting guidelines was released in Johannesburg at the World Summit for Sustainable Development. In 2004, GRI's Board approved a two-year plan to develop the next generation of GRI guidelines, and the Mining and Metals Sector Supplement was launched (Freemantle & Rockey 2005). As part of the revision process approved by the GRI Board, a technical advisory committee was appointed to oversee a major technical revision process involving over a 100 people worldwide in working groups, to produce the third generation of GRI guidelines, known as G3. This revision process culminated in the launch of the GRI's G3 guidelines in October 2006 at a global reporting conference in Amsterdam. It is against this version of the GRI's guidelines that Anglo Platinum wishes to align its sustainable development reporting.

1.3.5 Analysis of organisations using the GRI guidelines

This section of the context analysis details how many companies are using the GRI guidelines to produce sustainable development reports. All the information obtained in this section was gleaned from accessing the GRI's website at <http://www.globalreporting.org> and not from the formal academic literature.

Table 1 summarises the number of reporters over the past three years by reporting status, for example first-, second- or third-time reporters. From the table it is evident that the number of first-time reporters is growing steadily year on year. On the other hand, there does appear to be a 20% drop-off in the number of organisations that go on to produce second and third reports. At the end of 2007, 1 215 companies were listed on the GRI's website as having produced at least one sustainable development report, this is almost double the number of reports listed in 2006.

Table 1: Numbers of sustainable development reporters per year as at 31 December 2007

Reporting status	2007		2006		2005	
	Number	%	Number	%	Number	%
First-time reporters	272	22.4%	223	34.1%	287	49.4%
Second-time reporters	372	30.6%	208	31.8%	170	29.3%
Third-time reporters	286	23.5%	130	19.9%	98	16.9%
Fourth-time reporters	186	15.3%	75	11.5%	21	3.6%
Fifth-time reporters	57	4.7%	14	2.1%	5	0.9%
Sixth-time reporters	29	2.4%	4	0.6%	0	0.0%
Seventh-time reporters	14	1.2%	0	0.0%	0	0.0%
TOTAL	1 215		654		581	

Source: GRI's website at <http://www.GRI.com>

Table 2 below shows the number of reports produced per country. South Africa is ranked 9th in terms of the number of reports produced, out of 57 countries producing sustainability reports, even though the number of legible companies is much smaller in South Africa relative to some of the other countries listed.

Table 2: Number of reports produced per country as at 1 October 2007.

Country	Total no. of reports produced	%
Japan	120	11.4%
Spain	114	10.9%
USA	109	10.4%
UK	92	8.8%
Australia	58	5.5%
Netherlands	46	4.4%
France	44	4.2%
Germany	44	4.2%
South Africa	44	4.2%
Canada	41	3.9%
Italy	37	3.5%
Finland	31	3.0%

Country	Total no. of reports produced	%
Brazil	25	2.4%
Sweden	22	2.1%
Austria	20	1.9%
Switzerland	19	1.8%
Republic of Korea	18	1.7%
New Zealand	15	1.4%
Total from 'Top 18' reporting countries	899	85.6%
Total from 'All' reporting countries	1 050	

Source: GRI website

Table 3 lists the 44 South African companies that have produced a sustainable development report in accordance with the GRI guidelines and shows the year of the most recent published and registered report. Of the 44 companies listed below, 15 are from the mining sector.

Table 3: South African companies that have produced sustainable development reports

Company name	Year Report Released
ABSA Group Limited	2007
AECI Ltd	2003
African Bank	2007
Allied Technologies Limited	2006
Altron - Allied Electronics Corporation Limited	2006
Anglo Coal	2007
Anglo Platinum Limited	2007
AngloGold Ashanti Limited	2007
Barloworld Ltd	2007
Bidvest Group Ltd	2007
Brait SA	2007
British American Tobacco South Africa	2007
Bytes Technology Group Limited	2006
Chamber of Mines of South Africa	2006
Concor Holdings Limited	2004
Cotlands	2007
DeBeers SA	2006
Deloitte Southern Africa	2005
Engen Petroleum Limited	2006
Eskom Holdings	2006
FirstRand Group	2006
Foschini Limited	2006
Gold Fields Ltd	2007
Harmony Gold Mining Co Ltd	2007
Hillside Aluminium	2007
Implats	2007

Company name	Year Report Released
Kumba Resources Limited	2007
Mondi Ltd	2005
MTN Group	2007
Namakwa Sands	2005
Nedbank	2007
Northam Platinum Limited	2007
Oceana Group Limited	2007
Old Mutual South Africa	2005
Pick 'n Pay	2007
Pretoria Portland Cement Company Limited	2007
Sappi Limited	2004
Sasol Limited	2007
Spier Leisure Holdings	2007
Standard Bank Group Ltd	2007
Telkom SA Ltd	2007
Toyota South Africa (Pty) Ltd	2005
Umgeni Water	2004
Woolworths Holdings Limited	2007

Source: GRI website

1.3.6 Sustainable development reporting at Anglo Platinum

Anglo Platinum has produced seven sustainable development reports since 2002, five of which have been completed in accordance with the GRI's G2 guidelines. The Company has been recognised as being in the forefront of sustainability reporting in South Africa and has won a number of awards for its sustainable development reporting. These include the Association of Certified Chartered Accountants (ACCA) award for the best sustainability report in 2004 and in 2006, and the Ernst and Young award for the best sustainable development report in 2005 and again in 2008. Anglo Platinum was also the top-ranked South African company and fourth overall in the UNEP's 2006 "Tomorrow's Value Global Reporting Survey of Corporate Sustainability Reporting" awards.

Table 4 details some of the major changes between the various Anglo Platinum sustainable development reports from year to year. The table has nine columns, with the first column listing the year which a particular Anglo Platinum sustainable development report was released with a snap shot of the front cover of that year's report. The second column states whether third party assurance was obtained for that particular years report and against what criteria e.g. "Yes – G2" refers to the fact that that year's report was assured against the GRI's 2002 guidelines. The third column "Risk/materiality" states whether a risk or materiality based approach was taken to reporting, where a "no" means that reporting was against all GRI indicators irrespective of whether they were considered material to Anglo Platinum or not. Whereas a "yes" means that only the detail of material risk or opportunities were covered by the report and reporting against immaterial indicators ceased.

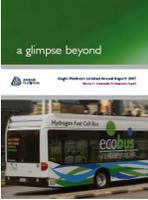
Column five shows whether that particular year's sustainable development report was used to report against the requirements of the Mining Charter⁵ scorecard or not. Column six classifies the volume of actual sustainability data available in that year's sustainable development report into limited, moderate, moderate to high and then finally extensive performance data across all material GRI parameters. Column seven summarises whether issues raised by stakeholders were identified in the report or not and if so to what degree were they included. Column eight summarises whether stakeholder feedback was published in that particular year's sustainability report or not. The last column, column nine, details whether a triple bottom line of five capitals formatting approach, as defined in section 1.3.3., was used to structure the sustainable development report.

As can be seen from the table, some of the key milestones in the reporting journey at Anglo Platinum have been the decision in 2002 to actually produce the company's first sustainable development report; the decision to use the G2 guidelines in 2003; and the decision to have the report externally assured by KPMG, one of the "big four" auditing firms.

Table 4: Summary of evolution of sustainable development reporting at Anglo Platinum, 2002–2007

Year	Assurance	Objectives and targets set	Risk/materiality	Mining charter integration	Volume of data for comparison	Stakeholder issues identified	Stakeholder feedback	Triple bottom line or 5 capitals model
2002 	No	No	No	No	Limited	No	No	Triple bottom line
2003 	Yes – G2	Limited	No	Yes	Moderate	Stakeholders listed. Issues not identified.	No	Triple bottom line
2004 	Yes – G2	Clear – past performance could not be checked	No	Yes	Moderate-high	Stakeholders listed. Issues not identified.	No	Triple bottom line

⁵ As discussed in section 1.3.2.

Year	Assurance	Objectives and targets set	Risk/materiality	Mining charter integration	Volume of data for comparison	Stakeholder issues identified	Stakeholder feedback	Triple bottom line or 5 capitals model
2005 	Yes – G2	Clear	No	Yes	High	Stakeholders identified and their issues cross-referenced to where they appear in the report.	Yes	5 capitals
2006 	Yes – G2	Clear	Yes	Yes	Extensive	Stakeholders identified and their issues cross-referenced to where they appear in the report.	Yes	5 capitals
2007 	Yes. Attempt made to go G3 B+ with PwC.	Clear	Yes	Yes	Extensive	Stakeholders identified and their issues cross-referenced to where they appear in the report.	Yes	Moved to a modified way of using the 5 capitals model which is easier for the reader to understand.

1.3.7 The main differences between the GRI's G2 and G3 guidelines

To better understand what will be required in terms of the G3 Project, it is important to summarise the main differences between the GRI's 2002 guidelines and the G3 guidelines. According to the GRI's *Making the Switch*, the main differences between the GRI's 2002 guidelines and the G3 guidelines can be categorised into the following: better-defined principles; strategy and analysis requirements; the disclosures on management approach; performance indicator changes; and application-level requirements. Each of these is discussed in more detail below as part of this context analysis.

Better-defined principles. In the G3 guidelines, the ten guiding principles have been redefined and also given more prominence than they received in the GRI's 2002 guidelines. These principles are intended to ensure more focused and better-quality reports. The principles and their associated requirements are summarised in Table 5 below.

Table 5: Summary of ten G3 guiding principles for company reports

Principles
Materiality principle: Requires an organisation to determine which sustainability issues are material to it and to report on these issues only.
Stakeholder inclusiveness principle: Requires an organisation to identify and effectively address the information needs of stakeholders.
Sustainability context principle: Requires an organisation to present its sustainability performance in the wider context of sustainability.
Completeness principle: Requires an organisation to reflect significant economic, environmental and social impacts when covering all material topics and indicators within its “boundary”, so that stakeholders are able to assess the organisation’s performance for the reporting period.
Balance principle: Requires an organisation to reflect both positive and negative aspects of its performance, to enable a reasoned assessment of overall performance.
Comparability principle: Requires an organisation to report its information and data consistently over time so that its performance can be tracked from one year to another.
Accuracy principle: Clearly requires an organisation to provide accurate information and data.
Timeliness principle: Requires an organisation to report on a regular basis and in time for stakeholders to make informed decisions.
Clarity principle: Requires an organisation to make its information available in a manner that is understandable and accessible to stakeholders using the report.
Reliability principle: Requires an organisation to ensure that information and processes used in the preparation of a report be gathered, recorded, compiled, analysed and disclosed in a way that can be subjected to examination and that establishes the quality and materiality of the information.

Strategy and analysis requirements. This new category in G3 requires that an organisation provide a concise overview of its strategic approach to sustainability management, and that it include information that will be of specific value to users from the financial community. This disclosure is intended to lead to the articulation of key issues and to help sharpen the focus of the report. The disclosure description asks for insight on strategic topics, discussion of trends and challenges, and coverage of the most important risks and opportunities the material issues present. The key question G3 poses reporters is “How does your organisation impact on sustainability, and how does sustainability impact on your organisation?”

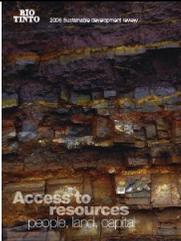
Disclosures on management approach. Following on from the strategy and analysis disclosures, the G3 has introduced what is known as the disclosures on management approach. This requires an organisation to concisely describe and contextualise how it manages and integrates sustainability to achieve results for the selected material issues and associated indicators.

1.3.8 G3 sustainable development reporting in the mining sector

This section of the G3 Project proposal reviews the sustainable development reports of two other mining companies, namely Rio Tinto and Teck Cominco, as part of the context analysis to understand what peer companies in the sector are doing with respect to sustainable development reporting in accordance with the GRI's G3 requirements. These companies were specifically chosen because they have already made the switch from G2 to G3 and are from the same sector as Anglo Platinum. The review involved comparing the two companies' reports for 2005 and 2006 and analysing the main changes made from one year to the next, and then checking the changes against the requirements of the GRI's G3 guidelines. The results of this analysis are summarised in Table 6 and Table 7 below.

These tables have been structured such that the first column lists the issue that was assessed in the particular companies' report e.g. details of how many GRI indicators were reported against. The second and third columns summarises the results of the assessment for the 2005 and 2006 reports respectively for that particular company being reviewed. The last column in each table flags the changes that the author has attributed specifically to the GRI's G3 requirements.

Table 6: Summary of main differences between Rio Tinto's 2005 G2 report and its 2006 G3 report

Issue assessed	2005 Report	2006 Report	G3 induced
Rio Tinto reports			
Level of assurance	G2 "in accordance with"	G3 Application Level A+	Yes – G3 requirement
Number of pages	42	36	
Was materiality principle used?	No	Yes	Yes – G3 requirement
No. of GRI indicators reported against	93	68	Yes – G3 requirement
Summary of content structure	Chairman's message	About Rio	
	CEO message	Message from Chairman	
	What we do	Interview with CEO	Yes – G3 requirement
	Sustainable development	Rio Tinto's approach to reporting	Yes – G3 requirement

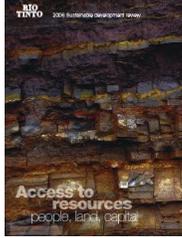
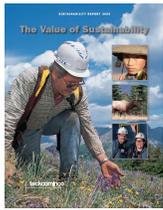
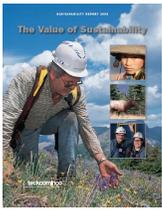
Issue assessed	2005 Report	2006 Report	G3 induced
Rio Tinto reports			
	Corporate governance	The relevance of sustainable development	Yes – G3 requirement
	Performance targets	The environment – action not words	
	Safety	Society – the people dimension	
	Occupational health	Economic performance	
	Employment	Governance – setting a good example	
	Community	Goals and targets	Yes – G3 requirement
	Political involvement	Performance data	Yes – G3 requirement
	Human rights	Assurance	
	Environment		
	Economic contributions		
	Land access		
	Engagement		
	SD data		
	GRI checklist		
	Assurance		

Table 7: Summary of main differences between Teck Cominco's 2005 sustainable development report and its 2006 G3 report.

Issue assessed	2005 Report	2006 Report	G3 Induced
Teck Cominco			
Level of assurance	Not assured	Level B not assured	Yes – G3 requirement
Number of pages	97	94	
Was materiality principle	No	Yes	Yes – G3

Issue assessed	2005 Report	2006 Report	G3 Induced
Teck Cominco			
used?			requirement
No. of GRI indicators reported against.	43	32	Yes – G3 requirement
Summary of content structure	Message from CEO and Chairman	About this report	
	About the report	Message from CEO and Chairman	
	Strategy and analysis	Sustainability goals and targets	Yes – G3 requirement
	About us	Charter of corporate responsibility	Yes – G3 requirement
	Governance, commitments and engagement	Code of sustainable conduct	Yes – G3 requirement
	Economic sustainability	Governance commitments and engagement	
	Social performance	Socio-economic performance	
	Operations and site performance	Environmental performance	
	Active operations	Social performance	
	Active closures	Operations and site performance	Yes – G3 requirement
	Dormant sites	Active closures	
	Exploration	Exploration	
	Glossary		
	GRI table		

From the analysis of both the Rio Tinto and the Teck Cominco reports, and from a review of the data in Table 6 and Table 7, it is evident that the materiality principle in the G3 guidelines has had the biggest impact on both reports in terms of content, format and layout. The reports are generally far more focused, and performance data, objectives and targets are consolidated into data tables for ease of reference, in line with G3 recommendations. The number of GRI indicators reported against in the Rio Tinto report has dropped significantly, from 93 indicators in 2005 to 68 in 2006, again showing that reporting is becoming more focused on material issues.

1.3.9 Sustainable development reporting and organisational change

The last section of this context analysis reviews the relevant literature in order to assess the impact that sustainable development reporting is or is not having on organisational change. According to Adams and

McNicholas (2006), a small number of academics has begun to interview company personnel to determine their attitudes to CSR and sustainability reporting, and to examine the internal reporting processes and the impact of reporting on organisational change. O'Dwyer (2002) conducted interviews in late 1997 with senior managers in 27 Irish public limited companies to examine the managerial perceptions of motives for corporate social disclosure. Most senior executives interviewed were of the view that the prime motive for sustainability reporting was to enhance corporate legitimacy. Some managers, however, felt that sustainability reporting may be counter-productive in achieving corporate legitimacy, because of widespread scepticism that reports were nothing more than "greenwash" (O'Dwyer 2002)

Larrinaga-Gonzalez et al. (2001) conducted case studies in nine Spanish organisations, including a total of 15 semi-structured interviews. They found that those organisations disclosing the largest amount of environmental information were using their reporting to attempt to control the national environmental agenda and perceptions of corporate environmental performance. They concluded that, where this was the purpose of reporting, it had little impact on organisational change. Larrinaga-Gonzalez et al. (2001) used Laughlin's 1991 research to distinguish between morphostatic (superficial) change and morphogenetic (authentic) change involving alterations to interpretive schemes such as beliefs, values, rules and mission statements. Larrinaga-Gonzalez et al. (2001) concluded that the changes taking place in their case study organisations did not imply morphogenesis.

The purpose of a study conducted by Adams (2002) was to examine the impact of internal contextual factors, including internal processes as well as attitudes, which might influence decision-making about reporting. Interviews were conducted during 1998 with personnel involved in reporting in three British and four German companies in the chemical and pharmaceutical industries. The interviews explored the following: the organisational constituencies involved in decision making; the nature and extent of stakeholder involvement in the reporting process; reasons for sustainability reporting and its increase; the perceived costs and benefits of sustainability reporting; the extent to which each company studied other companies' reports and refers to sustainability reporting guidelines; the types of media used to communicate ethical, social and environmental information; attitudes to reporting information which might be regarded as bad news; views on reporting in the future; the influence of the extent of environmental regulation on reporting; views on environmental verification; and the links between systems for collecting environmental and economic data. Adams (2002) found that aspects of the reporting process (i.e. the extent to which there is discussion and debate around key sustainability issues and performance) and attitudes to reporting were likely to impact on the extensiveness, quality, quantity and completeness of reporting. Further, sustainability reports involve input from a number of individuals and functions across an organisation, pointing to the influence of corporate culture, power relationships and communication flows in the reporting process (Adams 2002).

Using an action-based research methodology, Adams and McNicholas (2006) conducted further research into the impact of sustainability reporting on organisational change at a state water company in the State of Victoria, Australia. Based on this work, the authors stated that, in contrast to the findings by Larrinaga-Gonzalez et al. (2001), they had not found that the state-owned organisation used reporting to manipulate environmental regulation and/or overstate its environmental performance. For example, in their discussions with the management they found a number of examples of relevant data that demonstrated good social or environmental performance, but which the company had not considered reporting on. Larrinaga-Gonzalez et al. (2001) had concluded that reporting that was used to influence the national environmental agenda had

little impact on organisational change, whereas Adams and McNicholas (2006) concluded that the process of developing a sustainability reporting framework did result in some organisational change, where the process followed was underpinned by a sincere desire to address sustainability issues. The most significant impacts were the integration of sustainability issues into the strategic planning process and an increased focus on key performance areas not previously reported upon.

Henderson (2007) states that one is increasingly finding that the reporting process is also important from an internal management perspective. For example, in a recent report by the organisation Business for Social Responsibility the importance of sustainability reports as a vehicle for communicating with employees was highlighted. From Henderson's (2007) research it was found that a number of Australian companies said that the stakeholders with the most interest in the social and environmental performance were their own employees. Employees want to work for a company of which they are proud. One company said that the report "made a huge difference internally in terms of energy of the employees". Others said that employees used the report to help with decision-making in their jobs and that it helped to create "an institutional memory" in the company. Sustainability reports were also used as a knowledge-management tool. Having information systematically gathered together in one place assisted in the flow of performance information to key decision-makers internally. The process was valuable in exposing gaps in either data or policies. As the saying goes, "You can only manage what you measure." and the reporting process allows managers to track their company's performance from one year to the next. They are then able to focus on areas of efficiency gains and opportunities for innovation (Henderson 2007).

The UK sustainability think-tank, Bigger Thinking, has generated a number of recommendations for businesses that are intended to help turn sustainability principles into practical steps that companies can take towards sustainability. They are as follows:

- **Make innovating for sustainability a part of the company's vision and embed sustainability in every part of the business.** Create an ongoing process for getting each part of the company to recognise and understand its environmental, economic and social impacts, and inspire each part to think about how it can use that knowledge to innovate through a systematic and integrated approach.
- **Formulate a strategy with sustainability at its heart.** To really be effective, sustainability must be included in a new formulation of the business strategy. Simply bolting it onto an existing strategy is likely to leave it marginalised and insignificant.
- **Walk the talk.** Top leadership in the business has to believe in sustainability. Staff and other stakeholders need to hear leaders explain regularly what responsibility and sustainability mean for the business and the innovation possibilities they hold, and see the actual programmes being implemented.
- **Set up a body with the power to make sustainability matter.** Many of the leading sustainability-driven companies have a board committee devoted to the area, ensuring that there is progress. Others have a leading non-executive director in charge, while others still have a mixed committee of executives and non-executives. Whatever the arrangement, it is essential that the company regularly address sustainability and its strategic opportunities at the very highest level of decision-making. The most effective sustainability committees fulfil the following purposes:
 - Consider, review, evaluate and supervise integrated environmental, social and ethical policies.
 - In collaboration with top management, make sure that responsibility and sustainability are taken into account during strategy formulation processes.
 - Advise Boards of Directors on responsibility and sustainability issues.

- **Set firm rules.** Establish a code of conduct on sustainability covering both the company's employees and other stakeholders in the business, stating clearly that anyone who does not adhere to it has no place or stake in the company.
- **Bring stakeholders on board.** Identify all the stakeholders in the business – shareholders, employees, suppliers, customers, and the communities in which the business operates – and engage with them on thinking about sustainability. Actively encourage them to participate in the company's innovation and motivate them to develop sustainable opportunities themselves.
- **Use people power.** Ensure that sustainability is a clearly stated value at every stage of the company's people-management process, whether it be advertising for staff, hiring, induction, performance appraisal, remuneration or promotion. Create a training organisation that includes a strong focus on creativity and innovation based on sustainability.
- **Join the networks.** A growing number of organisations, networks and other bodies dedicated to encouraging sustainable business are emerging. Get involved with groups such as the World Business Council for Sustainable Development, the UN Global Compact and the International Business Leaders Forum, or similar bodies at the local level. Take part in sustainability investment rankings and monitors such as the Carbon Disclosure Project and the Corporate Responsibility Index.
- **Think beyond reporting.** Align all business systems with the company's vision of sustainability. Corporate social responsibility reporting helps to focus the business on sustainability, but it should not be viewed as an end in itself. Sustainability should run through every core system, from talent management to supplier evaluation, customer relationship management and the balanced scorecard. This approach can turn focus into coordinated action that matters.

The academic literature appears inconclusive on whether or not sustainable development reporting can be used as a vehicle for fundamental organisational change towards sustainability. The earlier research conducted by Larrinaga-Gonzalez et al. (2001) was more negative about the real benefits of sustainable development reporting. Whereas the more recent research by both Adams and McNicholas (2006) and Henderson (2007) is more positive. If one takes the view of Henderson (2007), then sustainability reporting can lead to fundamental organisational change. Confino (2008) remains sceptical and at the GRI summit in 2008 stated that there is a risk that sustainability reporting will not inspire deep change, but could become a dry bureaucratic diversion.

1.4 Context analysis: Conclusion

Humanity is having an unprecedented and unsustainable impact on the world's natural resources. According to the *2004 Living Planet Report* of the World Wide Fund for Nature, humanity is currently estimated to be consuming natural resources at a rate that is 22% above that of the natural ecosystem's ability to renew those resources. In 2005, the Millennium Ecosystem Assessment used a group of 1 360 experts from around the world to assess the state of our global ecosystems. The report revealed a dramatic deterioration, with at least two-thirds of all the earth's ecosystem services either degraded or being used unsustainably.

From a review of the literature there is no doubt that society's sustainability issues are having a marked impact on business. Business is embracing sustainable development through CSR, corporate citizenship and triple bottom line programmes. More and more companies are choosing to report on their sustainable development programmes and performance to their broad stakeholder base, through sustainable

development reports produced, in the main, in accordance with the GRI's guidelines. In some instances it is becoming a legal and/or stock exchange listing requirement for companies to produce such reports.

There does not appear to be consensus in the literature as to whether or not sustainable development reporting is leading to fundamental organisational change within companies that choose to report, or whether these companies are really addressing society's most pressing sustainability challenges. However, as Elkington (1998) points out, there are clear benefits to reporting, which need to be maximised by companies. It is imperative for companies to take the lead in addressing sustainability challenges because, as Hart (2005) states, corporations are the only entities in the world today with the technology, capacity and global reach required to lead us towards a sustainable world.

Section 2: Stakeholder analysis

2.1 Stakeholder communication and the methodology used in the stakeholder analysis

A dual approach was used to conduct a stakeholder analysis for the G3 Project. Firstly, a workshop⁶ was held with a group of external stakeholders who are widely recognised as leaders in the field of corporate citizenship and sustainability reporting in South Africa. They included Ralph Hamann (University of Cape Town), Jonathon Hanks (Incite Consulting), Karen Marx of the Wildlife and Environment Society of South Africa (WESSA), Markus Reichardt (Reichardt and Reichardt) and Maryna Mohr Swart (Chamber of Mines of South Africa). The purpose of this workshop was to:

- solicit comments from a small cross-section of the company's external stakeholders to determine who the stakeholders were who would benefit from having Anglo Platinum report in accordance with the GRI's G3.
- get the key stakeholders' view on whether Anglo Platinum had been adequately addressing external stakeholders' requirements in its previous sustainable development reports.
- identify the changes external stakeholders expected to see in corporate sustainable development reports produced in line with the GRI's G3 guidelines.

The workshop was also attended by internal representative from Anglo Platinum, including the Head of Corporate Communication, Mr Simon Tebele, and the Head of Environment, Mr Erich Heymann.

On 14 May 2008, following the publication of the 2007 Anglo Platinum sustainable development report, a goal-orientated project planning workshop was held with the various internal functional managers within Anglo Platinum, responsible for the different sections of the sustainable development report and for monitoring sustainable development performance in their area of responsibility. The purpose of the workshop was to get the internal Anglo Platinum stakeholders' view of why the G3 Project is necessary and what would be achieved by embarking on it. This included conducting a problem analysis, an objective analysis, and planning activities as required by an LFA. This goal-orientated project planning workshop was followed by a series of meetings with the internal functional heads, to check and confirm what had been captured and recorded at the workshop. The internal stakeholders involved with the goal-orientated workshop and follow-up meetings included the Head of Risk – Mr Rynier Brandt; the Head of Human Resource Development – Ms Lorato Mogaki; the Head of Safety – Mr Clint Smit; the Head of Health – Dr Lettie La Grange; the Head of Protection Services – Mr Ndaba Ndlovu; the Head of Environmental – Mr Erich Heymann; the Head of Community Engagement – Mr Mpho Matjila; and the Head of Base Metal Marketing – Mr Tim Aiken.

Following completion of the problem and objective analysis and the definition of the plan of activities, the stakeholder analysis was revisited and amended, to ensure that no stakeholders had been omitted from the original assessment.

⁶ When this workshop was originally organised in 2007, the LFA approach to the compilation of this proposal was not being followed. As a result, a goal-orientated planning workshop methodology was not followed. The participants in the workshop were given a nominal fee for their participation on the day.

2.2 Stakeholder analysis

2.2.1 Beneficiaries/target group

Sustainable development reports are intended to provide information, data and an overview of a company's overall sustainable development performance to its wider stakeholders. From the stakeholder analysis conducted as part of the goal-orientated project planning workshop, and from input received from the key external stakeholder workshop, it was determined that the ultimate beneficiaries of the G3 Project would reflect Anglo Platinum's wide cross-section of stakeholders. These include investors, employees, customers, business partners, contractors, suppliers, municipalities, government bodies, NGOs and local communities. A full list of these stakeholders and their relationship to Anglo Platinum is included in Appendix 2. The manner in which these stakeholders are likely to benefit from the G3 Project is summarised below.

Investors: With the potential changes that the G3 Project will bring about, investors may well see improved financial performance of the company as new markets open up for platinum in applications that address society's sustainability challenges e.g. platinum use in fuel cells as an alternative to oil. Furthermore, the material business risks are likely to be better understood and managed as a result of the G3 Project and therefore the company's overall risk profile may improve.

Employees: Employees are likely to benefit from the G3 Project as certain key human rights and employment conditions are reviewed and brought into line with internationally accepted norms and standards. Employees may also benefit indirectly if the company's overall financial performance improves.

Customers: Customers could benefit from the G3 Project primarily having assurance from Anglo Platinum and broader society that platinum is being mined in a responsible manner and not at the expense of the environment and the people. This will lead to continued support of the platinum mining industry.

Business partners: Business partners may benefit from collaborative work that may emerge from the G3 Project. For example Johnson Matthey, an Anglo Platinum fabricating and marketing partner, may benefit from research into the use of platinum's catalytic properties in "clean coal" applications, where carbon dioxide is captured and stored in the coal power generation process. This application could greatly reduce the emissions of carbon dioxide from coal-fired power stations and thereby restrict the effects of greenhouse gas emissions on climate change.

Contractors and suppliers: Contractors and suppliers are likely to benefit from a review of contractor conditions and supplier contracts that brings them in line with the requirements of the GRI's G3 indicators.

Government and municipalities: Government and municipalities may well benefit from the G3 Project as the developmental needs and environmental issues in the communities adjacent to the mines will be assessed as part of a review of the corporate social investment programmes. Governments and municipalities would continue to benefit from the rates and taxes Anglo Platinum pays.

NGOs and local communities: NGOs and local communities could benefit from the G3 Project in terms of providing information and data on the company's material economic, social and environmental performance and what is being done to address the negative impacts of mining. Partnerships with NGOs and local

community groups could be sought to address such negative impacts. Local communities may also benefit from a review of the company's corporate social investment and socio-economic development programmes.

2.2.2 Implementers

The implementers of the G3 Project have been divided into the core implementation team and the functional implementation team. The core implementation team will be the team directly responsible for implementing and managing the overall G3 Project, whereas the functional implementation team will comprise functional managers within Anglo Platinum who will be responsible for effecting possible organisational change, which may be required a result of the G3 Project within their area of responsibility. For example, the research and development function may change the focus of its research to find alternative uses for platinum to address some of society's sustainability challenges such as climate change.

2.2.2.1 Core implementation team

The core implementation team for the G3 project will include Anglo Platinum's Executive Head – Corporate Affairs, Ms Mary-Jane Morifi; the Sustainable Development Manager, Stephen Bullock; the Sustainable Development Co-ordinator, Marina Alvaro; and the SHE Data Administrator, Kim King. The core implementation team will be responsible for managing aspects related to the overall G3 Project programme. The roles and experience of the core implementation team are discussed in more detail below.

Executive sponsor

Mary-Jane Morifi, Executive Head – Corporate Affairs, will be the executive sponsor of the G3 Project. The roles of the executive sponsor are to provide ongoing guidance and direction to the G3 Project as it is rolled out and to ensure that there is executive support for the project across the different directorates within Anglo Platinum.

Mary-Jane is a results-orientated leader with a proven track record and success in managing sustainability issues. Her background includes experience in setting up a black economic empowerment company which is currently listed on the Johannesburg Securities Exchange (JSE). She describes herself as a strategic thinker who can apply the principles of good corporate governance, risk management and government regulations to promote rapid revenue and profit growth opportunities. Her career achievements include:

- listing Sekunjalo Investments, a black economic empowerment (BEE) company on the Johannesburg Securities Exchange (JSE)
- a tenure in Public Affairs at British Petroleum (BP), during which the organisation was consistently voted the most socially responsible corporation in South Africa
- building a strategy for BP's business in South Africa
- launching the BP South Africa Paraffin Safety Campaign, which benefited both the business and the community. This initiative is now an industry-wide initiative supported financially by the South African Oil Industry and by Government.
- winning the BP Chairman's Award in 1995
- concluding the Dudula Shipping/BP black economic empowerment agreement in 2001
- receiving the *Femina Woman of the 90's* Award
- founding the PRISM project for maths and science in South Africa.

The expertise she gained while Director of Internal Audit at BP includes:

- creating innovative strategies
- creating a performance culture
- coaching senior executives on people development
- corporate governance
- government relations
- change management
- project management
- working with regulators.

Project manager

The project manager for the G3 Project will be Stephen Bullock, Anglo Platinum's Sustainable Development Manager, a position he has held since 2005. The role of the project manager is to manage all aspects of the G3 Project's activities, to ensure they are delivered on time and within the agreed budget. This is a full-time role for the duration of the project.

Stephen has gained extensive experience in the field of sustainable development reporting and has project-managed the compilation of the 2005, 2006 and 2007 Anglo Platinum sustainable development reports. He has attended numerous meetings of the GRI and was at the launch of the GRI's G3 guidelines in Amsterdam in October 2006. Prior to his sustainable development role, he was Regional Environmental Manager at Anglo Platinum's Rustenburg operations. After graduating with a BSc Honours degree in Environmental Geochemistry from the University of Natal, Stephen joined the mining industry where he has worked in the sustainable development and environmental management field for the past 15 years. During these years he has worked on tin, gold, coal and – most recently – platinum mines, and is a registered professional natural scientist.

He is currently reading towards an MPhil in sustainable development at the Sustainability Institute, an organisation aligned to the University of Stellenbosch's Department of Public Management and Planning.

Project co-ordinator

The roles of project co-ordinator are to assist the project manager with the implementation of the G3 Project activities and to track progress against the milestones set for these activities. This role will be filled by Marina Alvaro, who will be seconded from Anglo American for the duration of the project. Marina has two years' sustainable development reporting experience and is currently the manager responsible for internal company reporting on safety and sustainable development-related matters at Anglo American. Prior to this role, Marina was the Safety, Health and Environmental Manager at Anglo American's Scaw Metals plant in Germiston, where she was responsible for managing the safety, health and environmental programmes on the plant and for liaising with interested and affected parties.

SHE data administrator

The role of the SHE data administrator will be to collect data and information required by the project manager to track overall performance of the G3 Project's activities. The SHE data administrator will also be responsible for project administration tasks, such as placing orders with vendors, filing records, arranging venues for meetings, and so on. This role will be filled by Kim King. Kim has 15 years' administration experience with the Anglo Group and is familiar with the company's databases and systems.

2.2.2.2 Functional implementation team

Each member of the functional implementation team will be responsible for effecting, within his or her area of responsibility, any organisational change that is required as a result of the G3 Project. From the initial stakeholder assessment conducted as part of the goal-orientated project planning workshop, it was felt that the functional implementation team is likely to be made up of the following internal Anglo Platinum employees:

- Gordon Smith – Head of Strategic Long-Term Planning
- Rynier Brandt – Head of Risk
- Mpho Matjila – Head of Community
- Clint Smit – Head of Safety
- Lettie La Grange – Head of Health
- Lorato Mogaki – Head of Human Resource Development
- Ndaba Ndlovu – Head of Protection Services
- Neville Plint – Head of Research and Development
- Hermanus Prinsloo – Senior Environmental Manager
- Tim Aiken – Head of Marketing
- Jenny Meyer – Company Secretary
- Simon Scott – Finance

2.2.3 Decision-makers

The executive committee of Anglo Platinum will be the decision-making body that reviews the G3 Project proposal and makes the decision on whether to proceed with the project or not. The Anglo Platinum executive committee is made up of the following directors and executive heads: the Chief Executive Officer, Mr Neville Nicolau; the Executive Head – Corporate Affairs, Ms Mary-Jane Morifi; the Executive Head – Commercial, Mr Sandy Wood; the Chief Financial Officer, Mr Norman Mbazima; the Executive Head – Mining, Mr Pieter Louw; the Executive Head – Human Resources, Mr Abe Thebyane; the Executive Head – Projects and Engineering, Mr Fritz Neethling; and the Executive Head – Process, Mr July Ndlovu.

The executive committee will remain the key decision-making body reviewing recommendations that arise from the various stages of the G3 Project's activities – in particular those recommendations that require a material change to company strategy. Key decisions on strategy are likely to have to be referred to the company's board for a final decision and sanction.

The G3 Project Manager will be responsible for all the project activity-related decisions required on a day-to-day basis, in line with the activities detailed later in this proposal.

2.2.4 Financiers

The financiers of the G3 Project will be Anglo Platinum. The executive committee will be responsible for approving the G3 Project's proposed budget. The revenue to finance the budget will come from Anglo Platinum's operating mines.

Section 3: Problem analysis

3.1 Methodology used for the problem analysis

The problem analysis, based on the guidance provided by Örtengren (2004), was conducted at the goal-orientated project planning workshop held on 14 May 2008. As previously mentioned, the goal-orientated project planning workshop involved input from the Head of Risk – Mr Rynier Brandt; the Head of Human Resource Development – Ms Lorato Mogaki; the Head of Safety – Mr Clint Smit; the Head of Health – Dr Lettie La Grange; the Head of Protection Services – Mr Ndaba Ndlovu; the Head of Environment – Mr Erich Heymann; the Head of Community Engagement – Mr Mpho Matjila; and the Head of Base Metal Marketing – Mr Tim Aiken. The basic questions that were posed as part of the problem analysis were:

- What is the main/focal problem to be solved through the G3 project? In other words, why is a change/a project needed?
- What are the causes of this problem, i.e. why does it exist?
- What effects does the problem have and why is it important to solve the problem?
- Who is affected by the problem and who “owns” the problem?

The outcomes and comments made by the key external stakeholders at the workshop held in 2007 were included as inputs to the discussion at the goal-orientated project planning workshop.

3.2. Problem identification

The problem analysis culminated in the development of a problem tree for the G3 Project, which is depicted in Figure 2. A problem tree is a useful analytical tool for identifying a fundamental problem and thereby pinpointing something that needs to be dealt with via remedial action and activities (Örtengren 2004).

3.2.1 The focal problem

The **focal problem** that the G3 Project proposal has been set to address is as follows:

Corporate sustainable development reporting has become a bureaucratic, “tick-box process” under the GRI’s 2002 guidelines. Anglo Platinum has used the GRI’s 2002 guidelines since 2003. Its sustainable development report-compilation process has become bureaucratic. It is not leading to organisational change to address the material societal sustainability issues over which the company has control.

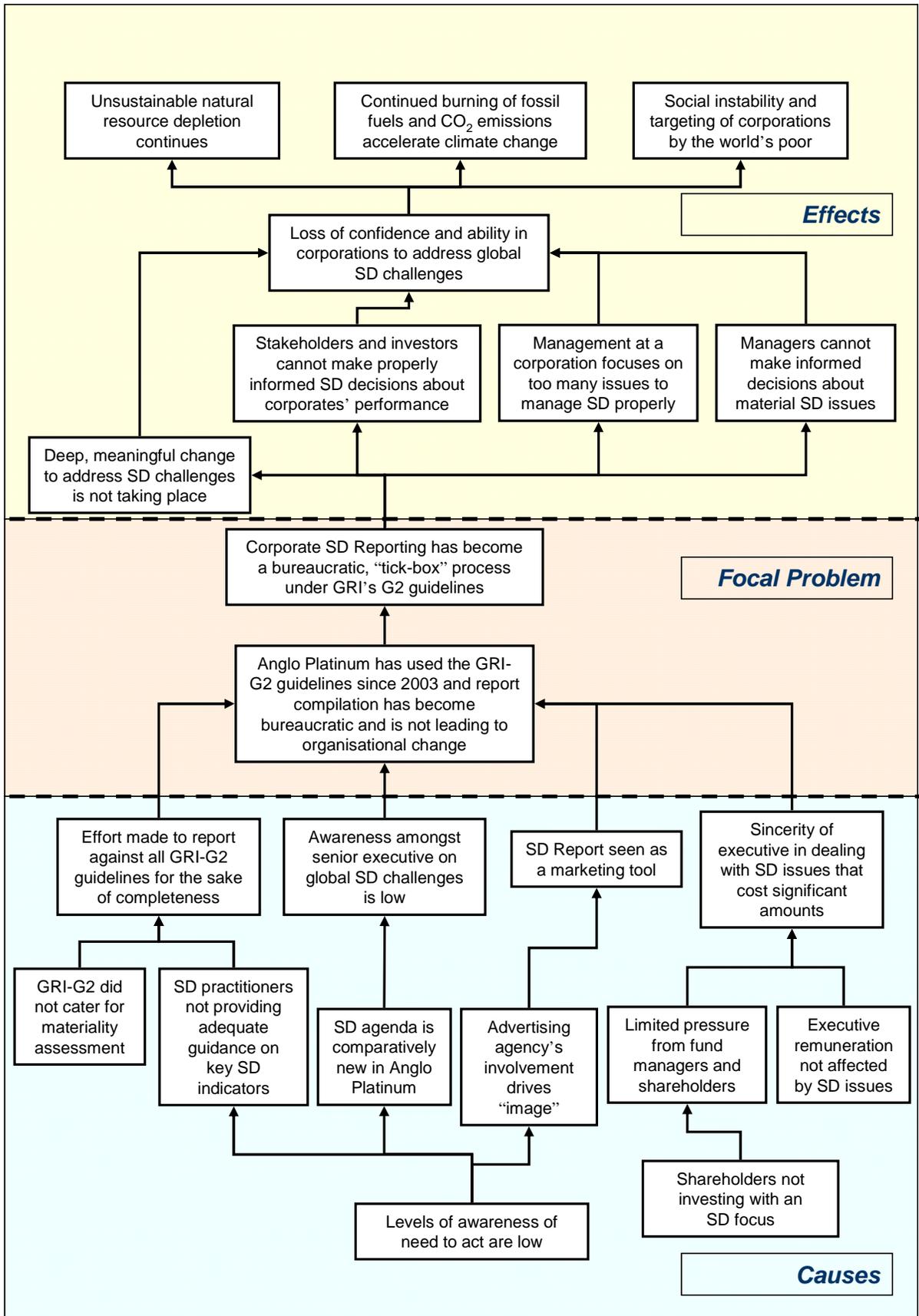


Figure 2: G3 Project problem-tree developed at the goal-orientated planning workshop

3.2.2 Causes of the focal problem

The **causes** of the focal problem are clearly a combination of factors, and can be summarised as follows:

The “tick-box” approach: The GRI 2002 guidelines did not include well-defined principles and specifically did not take into account the materiality principle. This resulted in companies attempting to report against every GRI indicator irrespective of materiality, or of whether there were actual management programmes in place within the company to address a particular issue. Given that there were 97 indicators in GRI’s 2002 guidelines, this “tick-box” approach led Anglo Platinum to develop cumbersome and bureaucratic systems to capture the data and information necessary to report against every indicator, irrespective of materiality.

Awareness: Within Anglo Platinum, sustainable development is a comparatively new concept. Executive management still has to come to grips with it and to understand how it impacts on business processes and the way the company operates. The company started producing sustainable development reports in 2002, and it is only since the start of this process that senior Anglo Platinum executives have been exposed to the sustainability debates and the sustainable development issues Anglo Platinum needs to address.

A report seen as a marketing tool: Anglo Platinum’s advertising agency has seen the sustainable development report as an ideal opportunity to market the company’s brand and image. To some extent, in the past this has resulted in the report being too heavily focused on positive spin and not dealing with thorny or sensitive issues. This marketing approach detracts from the report and makes external stakeholders sceptical. For example, at the external stakeholder workshop Karen Marx from WESSA stated that as an NGO they are extremely sceptical of corporate sustainable development reports and see them as nothing more than “greenwash”.

Sincerity of executive management: The sincerity of executive management in addressing material sustainable development issues, which will cost significant amounts of money, could be questioned. For example, Anglo Platinum has been grappling with how to address the housing crises affecting its employees around its operations, who have been living in informal settlements for more than seven years. To date, only approximately 1 000 houses have been built, out of a backlog of an estimated 8 000.

3.2.3 Effects of the problem

The **effects** of the focal problem are numerous and are summarised below and shown in the problem tree in Figure 2. Should business in general not start taking more of a leadership position on sustainability, then the effects are potentially disastrous, including as they do the continued overuse of natural resources and the destruction of ecosystems, accelerated climate change brought on by increased carbon dioxide emissions, and possible social instability resulting in the world’s poor targeting corporations.

Lack of meaningful change: If Hart (2005) is correct in his opinion that corporations are the only entities in the world today with the technology, capacity and global reach required to lead us towards a sustainable world, then the lack of meaningful change in how corporations operate will have a material effect on humanity’s future. Without meaningful change, the patterns of over-utilisation of natural resources and the continued impact on ecosystems, as described in the *Living Planet Report 2004* and the Millennium

Ecosystem Assessment's 2005 Report and described earlier,⁷ will continue unabated, impacting on humanity's ultimate survival.

Inability to make informed decisions: If a "tick-box" approach is used to report on sustainable development, managers, investors and other stakeholders are unable to make informed decisions about a company's overall sustainable development performance and whether the material sustainability challenges are indeed being addressed. It is important that investors start making more investment decisions based on a company's overall sustainable development performance, as envisaged by the Principles for Responsible Investment of the UN Environment Programme Finance Initiative.⁸

Management focus: The "tick-box" reporting against all 97 GRI 2002 indicators at Anglo Platinum has led to the company's management trying to focus on far too many sustainability-related issues, at the expense of focusing on the material ones and finding solutions to those.

3.2.4 Who is affected by, and who owns, the problem

Ultimately society as a whole is affected by the problem. However, in the context of the internal company managers of Anglo Platinum's sustainable development report, the executive, investors and the company's stakeholders⁹ are affected by the problem directly.

The broader focal problem is owned by companies' executives and management in general and over which Anglo Platinum itself has very little influence. However, in the Anglo Platinum context, the focal problem is clearly owned by the company's executive and management as it is only this group who can effect the changes required to address the focal problem.

⁷ Refer back to Section 1.3.1 for further details.

⁸ Refer back to Section 1.3.3 for further details.

⁹ See the Stakeholder Analysis in Section 2.2

Section 4: Objectives analysis

This section of the proposal sets out the G3 Project's overall **objective**, **purpose** and **outputs**. The **activities**, which address the objective, purpose and desired outputs, are set out in Section 5. The colour coding in the **objective tree** in Figure 3 clearly distinguishes between the overall objective, project purpose, outputs and activities of the G3 Project and is a positive reverse image of what was detailed in the problem tree in Figure 2. An objective tree is a useful tool used to visualise how the objective, purpose and outputs interrelate, and its use is advocated by Örtengren (2004).

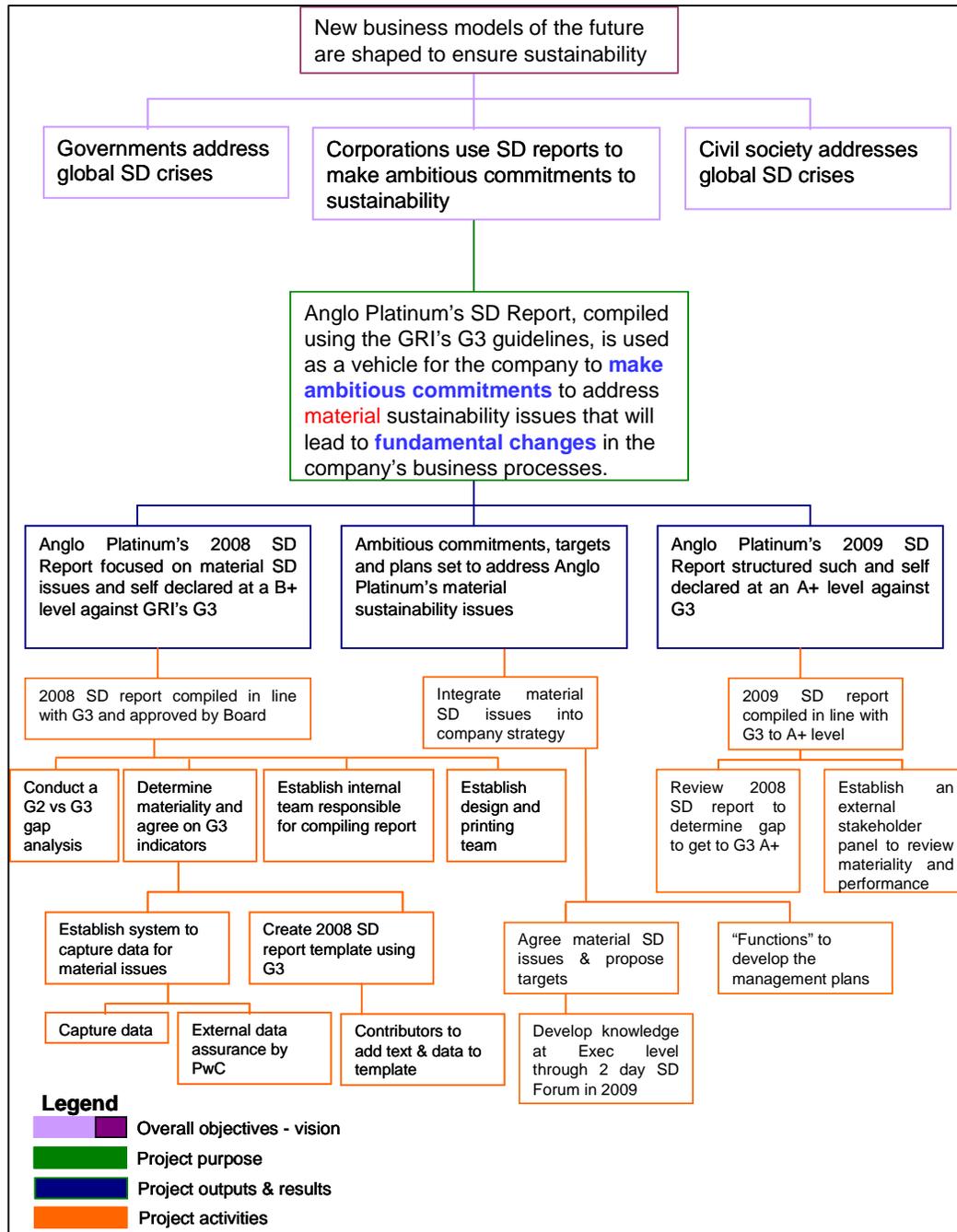


Figure 3: G3 Project objective tree as defined during the goal-orientated planning process

4.1 Overall objective and the G3 Project's purpose

The G3 Project's overall objective or ultimate vision is **to ensure that corporations use their sustainable development reports to make ambitious commitments to sustainability as a means of addressing the world's sustainability challenges**. This will ensure that sustainable development reporting does not become just a dry bureaucratic diversion as contemplated by Confino (2008).

Anglo Platinum can play a part in the fulfilment of this overall objective by taking a leadership position in the mining sector and inspiring other corporations to follow. The objective is only likely to be achieved at some point well into the future,¹⁰ once the number of corporations changing the way they report and using their sustainable development reports to make ambitious commitments to sustainability has grown substantially. This is likely to be dependent on a critical mass of organisations acting on the recommendations of UK sustainability think-tank, Bigger Thinking, which generated the following recommendations for business, to help turn lofty sustainable principles into practical steps that companies can take towards sustainability:

- **Make innovating for sustainability a part of the company's vision and embed sustainability in every part of the business.** Create an ongoing process for getting each part of the company to recognise and understand its environmental, economic and social impacts, and inspire each part to think about how it can use that knowledge to innovate through a systematic and integrated approach.
- **Formulate a strategy with sustainability at its heart.** To really effective, sustainability must be included in a new formulation of the business strategy. Simply bolting it on to an existing strategy is likely to leave it marginalised and insignificant.
- **Walk the talk.** Top leadership in the business has to believe in sustainability. Staff and other stakeholders need to hear their leaders explain, on a regular basis, what responsibility and sustainability mean for the business and what innovation possibilities they hold, and to see the actual programmes being implemented.
- **Set up a body with the power to make sustainability matter.** Many of the leading sustainability-driven companies have a board committee devoted to the area, ensuring that there is progress. Others have a leading non-executive director in charge, while others still have a mixed committee of executives and non-executives. Whatever the arrangement, it is essential that the company regularly address sustainability and its strategic opportunities at the very highest level of decision-making. The most effective sustainability committees fulfil the following purposes:
 - Consider, review, evaluate and supervise integrated environmental, social and ethical policies.
 - In collaboration with top management, make sure that responsibility and sustainability are taken into account during strategy formulation processes.
 - Advise Boards of Directors on responsibility and sustainability issues.
- **Set firm rules.** Establish a code of conduct on sustainability covering both the company's employees and other stakeholders in the business, stating clearly that anyone who does not adhere to it has no place or stake in the company.
- **Bring stakeholders on board.** Identify all the stakeholders in the business – shareholders, employees, suppliers, customers and the communities in which the business operates – and engage with them on thinking about sustainability. Actively encourage them to participate in the company's innovation and encourage them to develop sustainable opportunities themselves.
- **Use people power.** Ensure that sustainability is a clearly stated value at every stage of the company's people-management process, whether it be advertising for staff, hiring, induction, performance appraisal,

¹⁰ The view of the attendees at the goal-orientated workshop was that this may only be achieved in 15–20 years' time.

remuneration or promotion. Create a training organisation that includes a strong focus on creativity and innovation based on sustainability.

- **Join the networks.** A growing number of organisations, networks and other bodies dedicated to encouraging sustainable business are emerging. Get involved with groups such as the World Business Council for Sustainable Development, the UN Global Compact, the International Business Leaders Forum or similar local bodies. Take part in sustainability investment rankings and monitors, for instance the Carbon Disclosure Project and the Corporate Responsibility Index.
- **Think beyond reporting.** Align all business systems with the company's vision of sustainability. Corporate social responsibility reporting helps to focus the business on sustainability, but it should not be viewed as an end in itself. Sustainability should run through every core system, from talent management to supplier evaluation, customer relationship management and the balanced scorecard. This approach can turn focus into coordinated action that matters.

In order to achieve the ultimate vision, the project needs a stated purpose. The purpose of the G3 Project is to ensure that **Anglo Platinum's sustainable development report, compiled using the (GRI) G3 guidelines, is used as a vehicle for the company to make ambitious commitments to address those material societal sustainability issues over which it has control, and that will lead to fundamental changes in the company's business processes.**

It is a material assumption to make that one company can make such a difference in society that the broader objective is ultimately achieved. This assumption is discussed in more detail in Section 9. However it will, in the author's opinion, take a few companies to start the process and a "critical mass" will over time start to follow. It could be argued that this process may have already started with the alignment to the GRI's reporting requirements by certain leading companies. As a "critical mass" of companies that are transforming is attained, there is a stronger chance that the broader objective will be attained. However, clearly Anglo Platinum only has direct control and influence over its own approach, strategy and management. Therefore the purpose of the G3 Project is inwardly focussed on processes within Anglo Platinum.

4.2 Outputs and results

The intended **outputs and results** of the G3 Project are structured and aligned to deal with the causes of the problem, as identified in Section 3 and detailed in the problem tree in Figure 2. Clearly, these outputs have been structured sequentially so as to achieve the G3 Project's overall purpose and are detailed below. These outputs will be achieved over a three-year period.

Output 1: Anglo Platinum's 2008 sustainable development report must focus on material sustainable development issues, and be self-declared and assured at a B+ level against GRI's G3 criteria. This output will need to be achieved by mid February 2009.

Output 2: Once the 2008 sustainable development report has been produced and materiality adequately considered, ambitious commitments, targets and plans will have been set and Anglo Platinum will be managing its material sustainability issues. This output will need to be achieved by the end of 2009. The process is likely to become an on-going iterative process in years to come, as more data becomes available and executive management's understanding of sustainability issues and how they affect the economy improve and develop.

Output 3: Anglo Platinum's 2009 sustainable development report is self-declared and assured at an A+ level against GRI's G3 criteria and includes ambitious commitments to managing material sustainability issues. This output will be achieved by the end of February 2010.

It is believed that the intended outputs and results of this project proposal are achievable, realistic and measurable if the activities proposed in the next section are indeed accepted, approved and implemented.

Section 5: Plan of activities

The G3 Project will achieve the stated project **purpose, outputs** and **results** by implementing a carefully planned series of activities. These activities were derived from discussions at the goal- orientated workshop and from subsequent meetings with Anglo Platinum managers responsible for various sections of the company's sustainable development report.

5.1 2008 sustainable development report – G3 B+ level

The first output that is required is to compile the 2008 sustainable development report in line with the requirements to meet the GRI's G3 B+ level. In order to achieve this, the following activities need to be undertaken:

- an analysis of the gap between the GRI's G2 requirements and its G3 requirements
- the determination of materiality and the selection of the appropriate G3 indicators
- the establishment and briefing of the report compilation team
- the establishment and briefing of the design and printing team

Each of these activities is discussed in more detail below.

5.1.1 G2 versus G3 gap analysis

The G3 Project team will need to conduct a gap analysis, to establish the precise differences between what Anglo Platinum has traditionally included in its sustainable development reports and the requirements of the GRI's G3 guidelines. This gap analysis will identify where there are shortfalls in Anglo Platinum's systems and processes against the requirements of the G3. Plans will need to be implemented to address any shortfalls. These plans will be developed as part of this activity phase. The G2 versus G3 gap analysis must be completed by November 2008.

5.1.2 Determine materiality and G3 indicators

Once the gap analysis has been completed, the next activity required of the G3 Project is to conduct a materiality assessment. This will determine which GRI G3 indicators are indeed material to Anglo Platinum's sustainable development programmes and should be reported against.

The G3 'self-test' methodology will be used to determine material issues for inclusion in the 2008 report. The G3 materiality self-test involves an assessment of external and internal factors, as follows:

External factors: G3 requirements require that Anglo Platinum take into account the following external factors in assessing materiality:

- main sustainability interests/topics and indicators raised by stakeholders
- the main topics and future challenges for the sector as reported by peers and competitors

- relevant laws, regulations, international agreements and voluntary agreements of strategic significance to the organisation and its stakeholders
- reasonably estimable sustainability impacts, risks or opportunities (e.g. global warming, HIV/AIDS, poverty) as identified through sound investigation by people with recognised expertise, or by expert bodies with established credentials in the field.

Internal factors: G3 requirements require Anglo Platinum to take into account the following internal factors when assessing materiality:

- key organisational values, policies, strategies, operational management systems, goals and targets
- the interests/expectations of stakeholders specifically invested in the success of the organisation (e.g. employees, shareholders and suppliers)
- significant risks to the organisation
- critical factors for enabling organisational success
- the core competencies of the organisation and the manner in which they can or could contribute to sustainable development.

Once the external and internal factors have been assessed and a list of material issues has been compiled, this will be tabled, discussed and agreed upon at the level of Anglo Platinum's Executive Committee. The list of material issues will be checked against Anglo Platinum's enterprise-wide risk-management process, to ensure that there are no gaps between the sustainability materiality assessment and the company's headline risks.¹¹ Once both these processes have been completed, the final list of material sustainability issues will be compiled. Thereafter, this list will be checked against the GRI G3 indicators list, to determine which indicators Anglo Platinum will report against in the 2008 sustainable development report. This process must be completed by the end of December 2008.

5.1.3 Report compilation team

During the final stages of the materiality assessment process the team that will be responsible for compiling the 2008 sustainable development report needs to be established, briefed and tasked with what needs to be delivered by when. This team in 2008 is likely to comprise of the: Sustainable Development Manager – Mr Stephen Bullock; Sustainable Development Co-ordinator – Marina Alvaro; Procurement Manager – Gary Ditchfield; Head of Risk – Mr Rynier Brandt; Head of Human Resource Development – Ms Lorato Mogaki; Head of Safety – Mr Clint Smit; Head of Health – Dr Lettie La Grange; Head of Protection Services – Mr Ndaba Ndlovu; Head of Environmental Management – Dr Hermanus Prinsloo; Head of Community Engagement – Mr Mpho Matjila; and Head of Base Metal Marketing – Mr Tim Aiken.

The report compilation team will be assembled and have an initial briefing on 15 October 2008, where the preliminary results of the materiality assessment will be discussed. Agreement will be sought on what the likely G3 indicators should be against which Anglo Platinum will be reporting. The report-drafting process will also be explained at this meeting, and the deadlines for the various draft submissions, executive committee reviews, board reviews and printing dates discussed and agreed upon.

The appointment of the external assurance providers, PricewaterhouseCoopers (PwC), will be commissioned by the report compilation team. PwC will be tasked with providing assurance over all the data in the

¹¹ Anglo Platinum uses a risk process recommended by Turnbull as part of the listing requirements on the United Kingdom Securities Exchange.

sustainable development report and reviewing and verifying Anglo Platinum's declaration of compliance with the GRI's G3 B+ requirements. PwC is expected to provide an assurance statement and present this to Anglo Platinum's Audit Committee for inclusion in the 2008 sustainable development report.

5.1.4 Design and printing

The external team that will be involved in the design, layout, photography and printing of the 2008 sustainable development report will be established by the end of October 2008. This activity will involve preparing a scope of work with delivery dates against which external service providers can tender; inviting service providers to tender; evaluating tenders; and appointing the type-setters, photographer and printers. The design and printing teams will work off the input material provided by the compilation team during January and February 2009.

5.2 Integration of material sustainable development issues into the company's strategy

The next step in the G3 Project will be to integrate, in 2009, the discussions around the identified material sustainability issues into the company strategy review process, so that ambitious medium- to long-term targets can be set to address the material sustainability issues over which the company has some level of control. During this process of integration, discussions should be guided by the nine recommendations for business of the UK sustainability think-tank, Bigger Thinking, as detailed in Section 4.1. To help facilitate this process, a leader in sustainability thinking and its impact on business will be commissioned to guide the strategy integration process and discussions with the company's executive management.

The process is likely to take the form of a two-day sustainability forum for executives, to sensitise them to some of the key sustainability issues facing society, business and the mining sector in general. This will be followed by two or three strategy planning workshops, where the executive will debate how to address the material sustainability issues in the context of Anglo Platinum, and will start to set medium- to long-term targets.

Clearly, a few planning sessions are not going to solve all the business and sustainability issues. If it were that simple, society would not be facing the sustainability challenges it is confronting today. Instead, this process should be viewed as the start of a journey. More work will need to be done with Anglo Platinum's executive, strategic long-term planners and senior management, to sensitise them to sustainability issues and to how business can respond. The sensitisation programme would include sending senior executives to the likes of the Prince of Wales's *Business and the Environment* Programme for Senior Executives run by Cambridge University. This programme aims to help a select group of highly influential decision-makers understand the challenges and opportunities of sustainable development, to inspire them to make the necessary changes within their organisations and beyond, and to become champions who will help business and society work together to create sustainable economic development. There are also many South African-based programmes that management would be encouraged to attend, including, inter alia, the programmes run by the University of the Witwatersrand School of Mining's Centre for Sustainable Mining and the University of Stellenbosch's MPhil programme on sustainable development, run through the Department of

Public Management and Planning. It is only through an iterative process and ongoing awareness that the G3 Project is likely to attain its overall objective.

Once the strategy is clearly articulated, it is imperative to build management systems and put in processes to ensure implementation and track performance. This will entail ensuring appropriate objectives and targets are set to achieve the strategy, a management plan with responsibilities and due dates assigned, putting appropriate governance structures in place to monitor performance and remunerate accordingly. This is a significant step in the process. The key indicators that will ultimately be used to check performance and success have been listed and are discussed in Section 7.

5.3 2009 sustainable development report – G3 A+ level

The next step in the G3 Project is to compile the 2009 Anglo Platinum sustainable development report in line with the GRI's G3 A+ self-declaration level. In order to achieve this output the following activities will need to be completed:

- conduct an analysis of the gap between GRI-G3 B+ and GRI-G3 A+
- establish an external stakeholder panel
- establish a plan to address the gaps identified
- appoint PwC auditors
- get the GRI to review the 2009 report and declare it to be A+ compliant.

5.3.1 G3 B+ to G3 A+ gap analysis

During 2009, an analysis will be undertaken by the core implementation team, to determine the gaps between the 2008 Anglo Platinum G3 B+ report and the G3 A+ requirements. Once these gaps have been identified, a programme to close them will be formulated and discussed, and agreed with the key functional managers. Certain systems and types of data gathered are likely to have to change, and sufficient time will need to be allowed for this.

This gap analysis will more clearly define how the following phases of the G3 Project will need to be implemented.

5.3.2 Forming an external stakeholder panel

As part of the G3 Project it is proposed that, in 2009, an external stakeholder panel be established to:

- formally assist Anglo Platinum and advise executive management on the material sustainability issues the company should be addressing
- review the company's systems, procedures and processes to address these
- comment on the draft 2009 sustainable development report in terms of balance and fairness
- produce and publish a report on its findings on the review process conducted for the 2009 sustainable development report.

The stakeholder panel is likely to consist of five to six members representing the following sectors: unions, NGOs, local government, business competitors and academia. An intermediary organisation will be appointed to be the contact between Anglo Platinum and the stakeholder panel. Anglo Platinum will cover any expenses incurred by the stakeholder panel, and will make a donation to any non-profit organisation of the stakeholder panel members' choice, for time spent on panel activities.

5.3.3 Appointment of assurance providers and GRI review

Once that gap analysis has been completed and the plan to close that gap between the G3 B+ and A+ criteria implemented then the assurance providers, PwC, can be appointed to complete a review of the process and data collected. The scope of this assurance work will also include reviewing the draft 2010 sustainable development report to ensure that it does indeed meet the requirements of the GRI's A+ self declaration level (See Figure 1).

On completion of the assurance process is completed the final draft of the 2010 sustainable development report will be sent to the GRI for checking. If the GRI are in agreement that the report meets the A+ self declaration level then it will allow Anglo Platinum to publicise that it meets the A+ requirements enabling the company to use the GRI's "A+ GRI checked" level of declaration.

Section 6: Plan of resources required

The G3 Project's proposed resource plan has been based on the resources that will be required to deliver on the project's activities.

Core project team: A core project team will be required on a fulltime basis for a three-year period to manage and implement the G3 Project's activities. The core implementation team for the G3 Project will include Anglo Platinum's Sustainable Development Manager – Stephen Bullock, the Sustainable Development Co-ordinator – Marina Alvaro and the SHE Data Administrator – Kim King. This team will report to Mary-Jane Morifi, the Executive Head – Corporate Affairs, in her role as executive sponsor. (The experience, expertise and roles of these team members were discussed under the topic 'Core implementation team' in Section 2.)

Budget and funding: A comprehensive three-year budget has been prepared for the G3 Project. It is proposed that a total amount of R8 million be made available over a three-year period, to ensure that the project can deliver on its activities. Table 8 below is a consolidated summary budget of the amounts needed to meet the outputs of the G3 Project. The complete budget, with a per-annum breakdown, is included in Appendix 3.

Table 8: Consolidated budget for the G3 Project

Project output	Total in rand
Anglo Platinum's 2008 SD report, focused on material SD issues and self-declared at a B+ level against GRI's G3	3 426 428
Setting of ambitious commitments, targets and plans to address Anglo Platinum's material sustainability issues	933 480
Anglo Platinum's 2009 SD report, structured and self-declared at an A+ level against G3, and also checked by GRI	3 659 900
Grand Total - G3 Project	8 019 808

It is proposed that this funding come out of Anglo Platinum's normal working cost budget, and that the G3 Project not be an income- or profit-generating centre in its own right. This amount will be recovered from revenue generated by Anglo Platinum's operating mines.

Office space: The G3 project team will require an additional two offices at Anglo Platinum's corporate office. Office space is available in the Anglo building at 44 Main Street, Marshalltown, Johannesburg. Funds have been included in the G3 Project budget for office rental.

Computers, printing and office administration: Two additional personal computers will be required for the duration of the G3 Project. Funds have budget for the provision of computers in the G3 Project budget. Other office administration services, including printers, meeting rooms and telephone services, will be provided as part of the normal administrative and office-support systems in place at Anglo Platinum.

Section 7: Indicators and measures

During the goal-orientated planning workshop and subsequent functional manager meetings, discussions were held to formulate what indicators would be used to measure the impact of the G3 Project. The indicators best suited to the various levels of the G3 project (as shown in Figure 3) are detailed below, and summarised in the logical framework assessment (LFA) matrix in Appendix 4.

Overall objective

There are many indicators that could be used to measure business's overall sustainability performance. However, the indicators that are believed to be the most suitable in tracking whether the G3 Project is meeting its overall objective include:

- global sustainability statistics from the United Nations
- the number of corporations signed up to the Global Compact
- the number of corporations producing sustainable development reports
- the number of corporations producing GRI – G3 A+ reports
- the number of corporations producing GRI reports.

Clearly it is impossible to isolate and measure the direct impact Anglo Platinum and the G3 Project are having on these indicators, but these indicators nevertheless provide a baseline against which to re-evaluate the G3 Project's overall objective from time to time.

Purpose

The indicators that are believed to be the most suitable in tracking whether the G3 Project is fulfilling its purpose are as follows:

- the percentage of ambitious commitments and targets set versus the number of key material sustainability issues for Anglo Platinum
- the company's actual performance against these targets (i.e. the percentage of targets met)
- Anglo Platinum's overall ranking on the JSE-SRI index.

A survey among stakeholders will also be conducted to obtain their views of the company's performance. The results from this survey will be used as an indicator as to whether the G3 Project is indeed fulfilling its purpose or not.

Anglo Platinum's performance against these key indicators will be able to provide the core implementation team with an indication of whether the G3 Project is meeting its purpose or not, and will form an important input into the formal project-review process from time to time.

Outputs

The G3 Project has three main outputs. The indicators that the core implementation team will use to track the G3 Project's performance against its outputs are as follows:

- the findings of the PwC GRI-G3 compliance statement.
- the number of material sustainability issues (GRI-defined) that are integrated into the Anglo Platinum strategy
- the percentage of plans in place to address material sustainable development issues
- the actual performance against the above-mentioned plans.

Activities

Clearly, if the G3 Project's outputs are not being achieved, then it is unlikely that the activities are being undertaken as envisaged or the activities themselves are appropriate. There are, however, some indicators that can be tracked at an activity level that will give an early indication of whether the G3 project is likely to achieve its outputs or not. These indicators include:

- the percentage of all project activities completed on time as per the G3 Project schedule
- tracking the progress of activities monthly at project-planning meetings and ensuring that all key milestones are met
- the final delivery of activities versus the project plan.

Section 8: Risk analysis

A risks analysis was completed for the proposed G3 Project, in order to determine what internal and external factors may impact on the project's ability to deliver on its outcomes and whether there are any fatal flaws that may derail the project. These external and internal risk factors are discussed below.

8.1 External risk factors

By and large, the external risk factors that could lead to the G3 Project failing to meet its outcomes are those risk factors over which the project itself has very little control. They include natural disasters; global economic recession and/or collapse; South African political and economic developments and changes in company ownership; and other companies across the world not responding to the sustainability challenge. These external risks have been addressed in Section 9, "Analysis of assumptions".

Nevertheless, there is one potential risk factor that could be a fatal impediment to the G3 Project going ahead and being a success, and that is whether shareholders will continue to invest in Anglo Platinum and see the company as a value proposition if it does make the envisaged ambitious commitment to sustainable development. This concern remains, despite the extensive academic literature that advocates that there is a sound business case for sustainability (Hart 2005, Elkington 2001, Porritt 2001 and McIntosh 2003). This risk factor has been considered in the risk-management plan outlined in Section 8.3, below.

8.2 Internal risk factors

Internal risks are those risks over which the G3 Project can exercise control and for which a risk-management plan can be developed. From the risk assessment completed for the G3 Project, the following risk factors are considered potentially have a significant bearing on the project's ability to meet its purpose:

- the approval of the G3 Project proposal and budget
- the quality of project planning and management by the G3 Project's core implementation team
- a lack of commitment by senior executive management to make an ambitious and meaningful change
- incorrect methodology being used to determine materiality
- the bureaucratic nature of the GRI's G3 process, which by design may not be able to lead to the fundamental change required
- the willingness of management to establish the necessary systems, track performance and effect the changes required to achieve sustainability
- staff turnover at Anglo Platinum
- disagreements within the stakeholder panel that result in the G3 Project addressing the incorrect material issues.

The risk-management plan aimed at addressing and minimising these risks is detailed in the next section.

8.3 Risk-management plan

The table below summarises the risk-mitigation steps that will be taken and managed as part of the G3 Project's risk-management plan for each of the internal risks over which the project has some element of control. This risk-management plan will be reviewed quarterly, both to reassess the existing risk factors and to determine whether any new risk factors have come into view. Furthermore, the risk-mitigation steps will be reviewed to determine whether they are still appropriate, effective and sufficient.

Risk factor	Risk mitigation steps
Shareholders no longer see the company as a value proposition, owing to Anglo Platinum's ambitious commitments to sustainability.	This risk factor can be addressed by initially focusing Anglo Platinum's sustainability programme on the opportunities that sustainability presents for the company. This will show shareholders that sustainability is not just a cost, and that there are opportunities to grow the market. Therefore, during the strategy planning session, time will be spent exploring the opportunities that sustainability may present for Anglo Platinum.
The G3 Project proposal and budget are not approved in their totality, impacting on the Project's ability to meet its purpose.	This risk factor will be addressed by the following risk mitigation steps: <ul style="list-style-type: none"> - Lobby Anglo Platinum's executives individually to get their views on the G3 Project proposal before it is submitted to the executive committee for approval; and make any amendments that are necessary and viable. - Ensure that the G3 Project manager presents the G3 Project proposal to the executive committee and that it is not discussed without a proper presentation and motivation. - Should the G3 Project proposal not be approved in its totality, the core implementation team needs to reassess whether the project can achieve its purpose. If not, the G3 Project should be abandoned.
The poor quality of project planning and management by the G3 Project's core implementation team undermines the Project.	This risk factor will be addressed by the following risk mitigation steps: <ul style="list-style-type: none"> - Compile the G3 Project proposal in line with the LCA guidelines. - Arrange for the core implementation team to attend the Anglo Platinum Development Centre's course on project management, so it can be fully au fait with the theory of, and also get practical guidance on, project

Risk factor	Risk mitigation steps
	<p>management.</p> <ul style="list-style-type: none"> - Implement formal project management procedures and governance systems. - Institute a formal process of management review to ensure that high levels of quality are attained. - Establish monthly project reviews with the Project's executive sponsor.
<p>The Project is held back by a lack of senior executive management commitment to making an ambitious and meaningful change.</p>	<p>This risk factor will be addressed by the following risk mitigation steps:</p> <ul style="list-style-type: none"> - Encourage executives to attend development programmes and workshops on sustainability-related topics relevant to their areas of responsibility. - Organise the executive SD Forum to provide general updates on a cross-section of sustainability-related topics. - Have the G3 Project manager hold quarterly one-on-one meetings to discuss sustainability topics and provide executives with general information on sustainability. - The CEO will be engaged in the sustainability debate through institutions such as the National Business Initiative, and will attend the Anglo American Sustainable Development Board sub-committee meetings.
<p>The methodology used to determine materiality is not correct.</p>	<p>This risk factor will be addressed by the following risk mitigation steps:</p> <ul style="list-style-type: none"> - Ensure that there is an external peer review of the material risks and that the process is followed by experts in the sustainability field. - Ask the GRI's technical team to evaluate the process and material issues against the GRI requirements, and against the sector supplements for the mining and metals industry. - Request that sustainable development managers at one of Anglo Platinum's competitors review the material issues and provide comment.
<p>The GRI's G3 process itself is bureaucratic, and by design cannot lead to the fundamental change required.</p>	<p>This risk factor will be addressed by the following risk mitigation steps:</p> <ul style="list-style-type: none"> - After the 2008 Anglo Platinum sustainable development report has been compiled and released, the entire process will be evaluated by the

Risk factor	Risk mitigation steps
	<p>core project team to determine whether GRI's G3 can actually be used as a vehicle to drive the fundamental organisational change required to ensure sustainability. Where improvements to the process are needed, these will be made. However, if the evaluation shows that the GRI's G3 process is not the appropriate vehicle, then this Project proposal will be reassessed.</p> <ul style="list-style-type: none"> - The core project team will continue to scan the academic literature on corporate sustainability reporting and organisational change, to obtain useful references and views on how to effect meaningful organisational change to ensure sustainability. This information will be used to review the G3 Project's approach to activities from time to time.
<p>Willingness of management to establish the necessary systems, track performance and effect the changes required to achieve sustainability.</p>	<p>This risk factor will be addressed through the following risk mitigation steps:</p> <ul style="list-style-type: none"> - Ensure that sustainability issues are included in the various internal corporate communication programmes, to build awareness of sustainability issues and their importance and to give practical examples of what can be done in different disciplines to effect change. - Arrange for the core implementation team to meet individually with those managers who will be expected to make managerial changes to systems and to track performance; and to work with them to explain the need for change, get their "buy-in" and offer ongoing assistance. - Provide details to managers of programmes they can attend to learn more about sustainability and the need for change.
<p>The turnover of staff within Anglo Platinum's managerial levels is high (20%) and managers from outside the company will be unaware of the G3 Project.</p>	<p>This risk factor will be addressed by the following risk mitigation steps:</p> <ul style="list-style-type: none"> - Ensure that the core implementation team identifies those managers who have critical skills and knowledge in sustainability, and alert Anglo Platinum's skills retention programme office as to which managers they are, so that this can be factored into the skills retention programme. - Develop an induction programme for newly recruited managers, so they become aware of the

Risk factor	Risk mitigation steps
	importance of sustainability.
Possible disagreements within the stakeholder panel could result in the G3 Project addressing the incorrect material issues.	<p>This risk factor will be addressed by the following risk mitigation steps:</p> <ul style="list-style-type: none"> - Ensure that there is a dispute-resolution process in place in the stakeholder panel's terms of reference, defining how differing viewpoints and disputes are to be accommodated and resolved, so that the core implementation team is given clear guidance.

Section 9: Analysis of assumptions

Assumptions have been made at each step of formulating the G3 Project proposal, the biggest of which is that a small project like the G3 Project can in fact start effecting change within the world's economic system and help to put the planet on a path to sustainability. However, this intervention must be seen in the light of the fact that it is just one intervention in the greater scheme of things, which could make a small difference to society.

The details from the analysis of assumptions made in formulating the G3 Project proposal are provided below.

9.1 Overview of assumptions

9.1.1 Assumptions related to overall objectives

Very broad assumptions have been made in stating that the G3 Project has a fair chance of achieving its overall objectives. They include the views that:

- The world is indeed facing a sustainability crisis as detailed by, for example, the World Wide Fund for Nature's 2004 *Living Planet Report* and the 2005 Millennium Ecosystem Assessment. Given the overwhelming scientific opinion on this matter it is considered a fair assumption to make in the context of the project.
- The world will not reach some kind of tipping point in terms of its ability to support human life because of ecosystem destruction or global warming.
- Business can actually address the crises of sustainability and the global economic system can be altered to a path of sustainability.
- Despite the tendency of individuals to change only when the impact is felt personally, there are now sufficient information and data available for business to move from superficial to more fundamental change.
- If fundamental changes are made within one company, other companies will follow suit.
- Sustainable development reporting can be used as a tool to effect organisational change.

Although these are broad and far-reaching assumptions, it is felt in the context of the G3 Project proposal that they are fair assumptions to make. There is sufficient literature to demonstrate that we do face a crisis of sustainability (see Section 1), and although there is limited definitive literature on whether corporations will in fact be able to decouple economic growth and resource consumption successfully, corporations must start on their journey to addressing sustainability.

9.1.2 Assumptions related to purpose

Various assumptions have been made in stating that the G3 Project will achieve its purpose. These include the views that:

- Executives of Anglo Platinum are prepared to make ambitious commitments to sustainability.
- Shareholders will continue to invest in an organisation that is transforming to sustainability.
- Functional managers will have the skills and desire to effect the changes needed in their areas of responsibility.
- The JSE-SRI measures are actually an appropriate measure of the sustainability performance of companies listed on the JSE.

9.1.3 Assumptions related to outputs

The assumptions that the G3 Project will achieve its outputs are that:

- Anglo Platinum's executives will approve the G3 Project proposal.
- The necessary resources, including funds, will be made available to implement the proposal.
- The necessary data are already available to report against GRI G3 criteria at a B+ level at the end of 2008.
- The executives have the desire and will demonstrate the leadership required to ensure that sustainable development issues are integrated into the company strategy.
- The material issues that are identified during the materiality self-test are indeed those issues that are affecting the ultimate sustainability of humanity.
- The GRI-G3 A+ level indicator reporting can lead to organisational change.

9.1.4 Assumptions related to activities

At an activity level, the key assumptions made are that:

- Financial resources will be made available to meet the G3 Project's activities.
- Human resources will be made available to deliver on the G3 Project's activities.

9.2 Analysis of assumptions

In summary, the G3 Project proposal is based on a number of broad assumptions. The analysis of the broader context and problem is based on such a wide range of information that it ends up having to be superficial and the author's interpretation. This degree of complexity can only be referred to, but not addressed. The leadership position Anglo Platinum will be taking in implementing the G3 Project, when compared with how sustainability is currently being managed addressed by business, should not be underestimated and will need firm commitment from the board and from senior executive management. The assumption that other companies will follow Anglo Platinum's lead is not completely without foundation. There are many sustainability reporting award programmes – both within South Africa and internationally – that recognise leaders in the field, for example the Association of Certified Chartered Accountants' annual sustainability reporting awards and the GRI's Readers' Choice Awards. It is through these types of awards that other companies may slowly see what the benchmarks are and, over time, may start following them. Furthermore, as the sustainability challenges society faces become more acute, society itself is likely to start putting more pressure on business to effect change through investment and purchasing decisions. Therefore, although the assumptions made in this G3 Project proposal are broad, they are not unreasonable.

Section 10: Recommendation

This G3 Project proposal document has been drafted based on the logical framework analysis (LFA) approach and format envisaged by Örtengren (2004). The focal problem in this analysis is that corporate sustainable development reporting has become mostly a bureaucratic, “tick-box process” under the Global Reporting Initiative (GRI) 2002 guidelines. As Confino (2008, page 9) states, “There is a risk that sustainability reporting will not inspire deep change, but could become a dry bureaucratic diversion.” The overall objective of the project is to ensure that corporations use their sustainable development reports to make ambitious commitments to sustainability, as a means of addressing the world’s sustainability challenges. Its purpose is to ensure that Anglo Platinum’s sustainability reporting, compiled using the GRI-G3 guidelines, is used as a vehicle for the company to make ambitious commitments to addressing those material societal sustainability issues over which it has control, leading to fundamental changes in the company’s business processes.

The outputs of the G3 Project, which are designed to meet the project purpose, include compiling the 2008 Anglo Platinum sustainable development report in line with the requirements to meet the GRI’s G3 B+ self-declaration level; setting ambitious sustainability-related targets and developing management plans to address Anglo Platinum’s material societal sustainability issues; and ensuring that the 2009 Anglo Platinum sustainable development report is structured in line with the GRI’s A+ requirements. In order to achieve these outputs a budget of R8 million will need to be made available for the G3 Project over the next three years. A risk-management plan has been formulated, to address internal risks to the G3 Project and to evaluate the assumptions upon which it is based, none of which are considered to represent fatal flaws to the project success.

Therefore it is recommended that the G3 Project proposal, for a communications and change management project, be approved in full so that implementation can commence on 1 October 2008.

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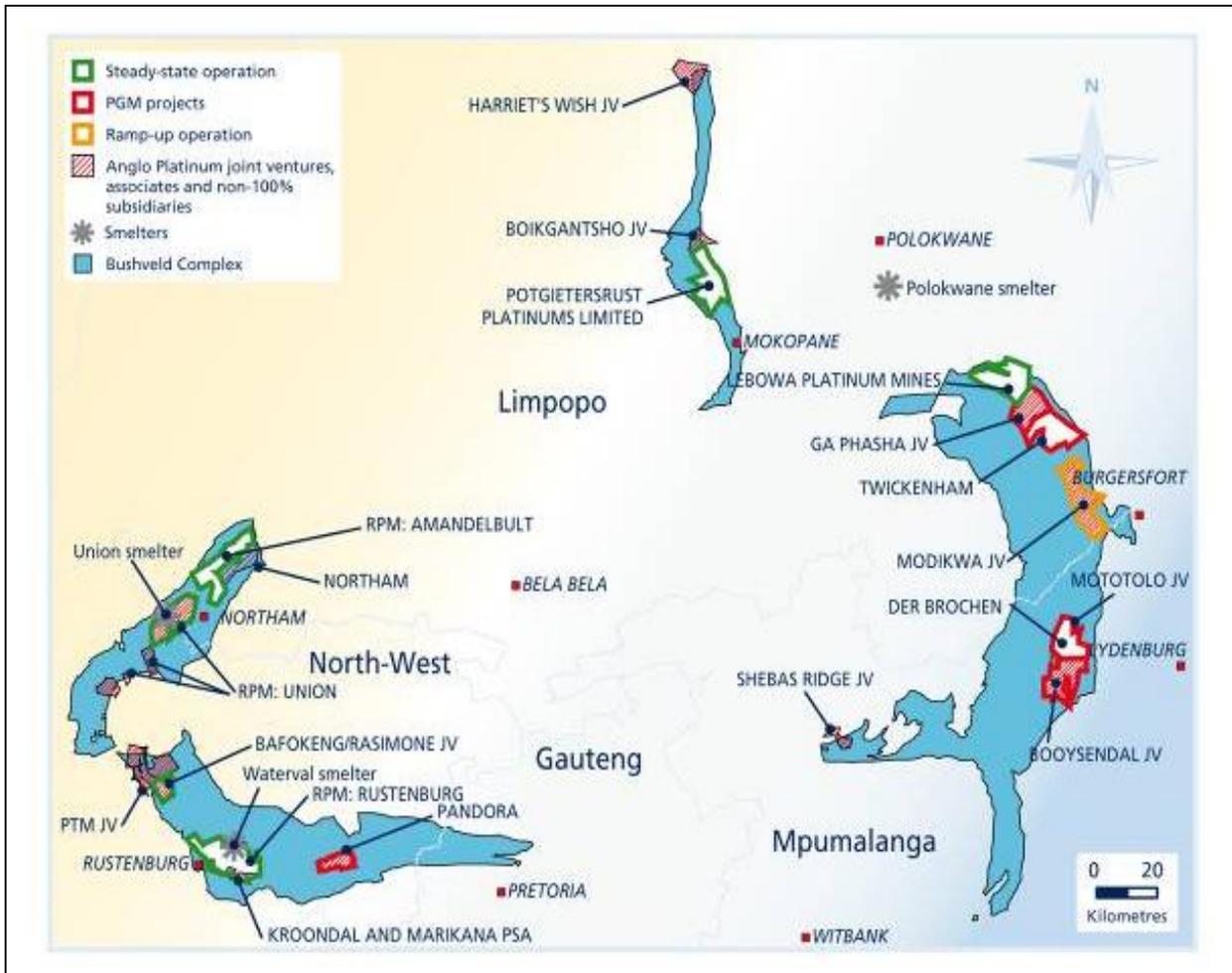
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APPENDIX 1 – BACKGROUND TO ANGLO PLATINUM

Anglo Platinum Limited is a South African-based platinum mining company and is listed on the JSE Limited. It has a secondary listing on the London Stock Exchange, and international depositary receipts for the company's shares are listed on the Brussels bourse. The Group's main operating mines include Rustenburg Platinum Mines' (RPMs') Rustenburg Section, Amandelbult Section and Union Section, as well as Potgietersrust Platinums Limited (PPRust) and Lebowa Platinum Mines Limited, the localities of which are shown in the figure below.



Map showing the locality of Anglo Platinum operations in South Africa.

Anglo Platinum is also in joint ventures and associations with the following:

- ARM Platinum, an historically disadvantaged South African (HDSA) mining company, to operate the Modikwa Platinum Mine
- Royal Bafokeng Resources, an HDSA partner, over the combined Bafokeng-Rasimone Platinum Mine (BRPM)/Styldrift properties

- Lonmin Platinum and HDSA partners, the Bapo Ba Mogale tribe and Mvelaphanda, over the Pandora PGM reserves
- Xstrata, to operate the Mototolo mine.

Anglo Platinum has pooling-and-sharing agreements with Aquarius Platinum (South Africa), covering the shallow reserves of its Kroondal and Marikana mines contiguous with RPM Rustenburg Section.

The Group's smelting and refining operations are wholly owned through RPM and situated in South Africa. These operations treat concentrates and matte from subsidiaries and from joint ventures. The Group holds a 22,5% share of Northam Platinum, acquired following a mineral rights swap in 2002. In Zimbabwe, the Group envisages holding a 51% controlling share in Unki Platinum Mine. Elsewhere in the world, the Group is involved in exploration in Canada, Russia, Brazil and China. The Group has also established a representative office in Beijing.

Anglo Platinum produced just less than 40% of the world's platinum in 2006. Some 62% of all platinum produced goes into autocatalysis, to reduce noxious vehicle emissions. The other major uses of platinum include industrial uses such as the production of catalysts and moulds for flat screen televisions, and, lastly, the making of jewellery.

APPENDIX 2 – ANGLO PLATINUM STAKEHOLDERS

	Key attributes	Relationship to Anglo Platinum
Anglo American plc	Listed in London	Owens 76,5% of Anglo Platinum
Minority shareholders	Predominantly South African, European and North American	Own the balance of Anglo Platinum shares
Potential investors	Represented by investor groups, such as pension funds	An interest in the potential of becoming shareholders
JSE Limited	Regulator of listed companies	Primary listing exchange and market
JSE SRI Index	Independent assessment of triple-bottom-line reporting	Anglo Platinum is included in the index
Permanent employees	48,926: 93% South Africa; 7% Botswana, Lesotho, Mozambique, Zimbabwe	Direct contractual relationship
Contractors	39,341; 71% South African	Indirect contractual relationship
National Union of Mineworkers	26,138 predominantly mining employees	Signatory to employee relations policy
United Association of SA	4,400 predominantly supervisory employees	Signatory to employee relations policy
Trade Union Alliance	3,798 members of smaller unions	Signatory to employee relations policy
Togetherness Amalgamated Workers' Union of SA	714 employees	Signatory to employee relations policy
Solidarity	142 supervisory mining and engineering employees	Signatory to employee relations policy
National Union of Metalworkers of SA	1,913 plant employees	Signatory to employee relations policy
Johnson Matthey	Listed in London; PGMs	Direct supply of, and long-

	Key attributes	Relationship to Anglo Platinum
	fabricated into industrial products	term agency contracts for, PGMs
BASF	Listed in New York; PGMs fabricated into industrial products	Direct long-term contract to buy PGMs
Tanaka Kikinzoku Kogyo KK	Private Japanese company fabricating PGM industrial products	Direct long-term contract to buy PGMs
Umicore SA	Listed in Brussels, fabricating PGM industrial products	Direct long-term contract to buy PGMs
Heraeus	Private German company, fabricating PGM industrial products	Direct long-term contract to buy PGMs
Toyota Motor Corporation	Tokyo-listed motor manufacturer; PGMs used in autocatalysts	Direct long-term contract to buy PGMs
Honda Motor Corporation	Tokyo-listed motor manufacturer; PGMs used in autocatalysts	Direct long-term contract to buy PGMs
ARM Platinum	HDSA mining company	Joint venture partner at Modikwa Platinum Mine
Aquarius Platinum	Sydney- and Johannesburg-listed mining company	Partner in exploiting Kroondal and Marikana reserves
Lonmin plc	London-listed mining company, in partnership with Bapo Ba Mogale community	Joint venture partner at Pandora
Mvelaphanda Resources	Johannesburg-listed HDSA mining company	Co-shareholder Northam Platinum and BEE partner
Plateau Resources	HDSA mining company	Joint venture partner at Ga-Phasha PGM project
Royal Bafokeng Resources	Resources company wholly owned by the Royal Bakokeng nation, a traditional authority in North West province	Joint venture partner at BRPM/Stylidrift

	Key attributes	Relationship to Anglo Platinum
Bakgatla-Ba-Kgafela community	Traditional authority	Partner in Union Mine
PTM	HDSA company exploration	Joint venture partner
Pacific North West Capital Limited	Exploration company	Joint-venture exploration partners in Canada
Anooraq	HDSA mining company	BEE partner
Eurasia	Exploration company	Joint venture partner in Russia
Solitario	Exploration company	Joint venture partner in Brazil
Sishuan Bureau of Geology and Mineral Resources	Exploration company	Joint venture partner in China
Xstrata South Africa (Pty) Ltd	Exploration company	Joint venture partner in South Africa
Kagiso Platinum Venture (Pty) Ltd	Exploration company	Joint venture partner
Mototolo Joint Venture	Exploration company	Joint venture partner
JIC Mining	South African contract mining company	Service to the value of R412.8 million in 2007
Murray & Roberts	South African construction company	Service to the value of R416.1 million in 2007
San Contracting Services	South African contract mining company	Service to the value of R323.0 million in 2007
Group Five Civils	South African construction company	Service to the value of R280.6 million in 2007
WBHO Construction (Pty) Ltd	South African construction company	Service to the value of R284.7 million in 2007
Eskom Holdings Ltd	South African energy supplier	Supply cost decreased from R1,273 million in 2006 to R1,086 million in 2007

	Key attributes	Relationship to Anglo Platinum
African Explosives	South African explosives supplier	Supply cost increased from R430 million in 2006 to R459 million in 2007
Shell South Africa	South African fuel supplier	Supply cost increased from R403 million in 2006 to R539 million in 2007
Sandvik Mining and Construction	South African mining equipment supplier	Supply cost increased from R335 million to R482 million in 2007
Imperial Construction and Mining	South African mining equipment supplier	Supply costs were R453 million in 2007
Bojanala District Municipality	District municipal area in North West province	Labour-sending area; part of mine communities at Rustenburg Section, Amandelbult Section, Union Section and BRPM
Rustenburg Local Municipality	Municipal area in North West province	Labour-sending area; part of Rustenburg Section's and BRPM's mine communities
Moses Kotane Local Municipality	Municipal area in North West province	Labour-sending area; part of mine communities at Rustenburg Section, Amandelbult Section, Union Section and BRPM
Waterberg District Municipality	District municipal area in Limpopo province	Labour-sending area and part of Amandelbult Section's and PPRust's mine communities
Thabazimbi Local Municipality	Municipal area in Limpopo province	Labour-sending area and part of Amandelbult's mine community
Mogalakwena Local Municipality	Municipal area in Limpopo province	Labour-sending area; part of PPRust's mine community
Greater Sekhukune District Municipality	District municipal area in Limpopo province	Labour-sending area; part of Lebowa's mine community
Greater Tubatse Local Municipality	Municipal area in Limpopo and Mpumalanga provinces	Labour-sending area; part of Lebowa's mine community
Fetakgomo Local Municipality	Municipal area in Limpopo province	Labour-sending area; part of Lebowa's mine community

	Key attributes	Relationship to Anglo Platinum
Capricorn District Municipality	District municipal area in Limpopo province	Labour-sending area; part of PPRust's, Lebowa's and Polokwane Smelter's communities
Polokwane Local Municipality	Municipal area in Limpopo province	Labour-sending area; part of PPRust's, Lebowa's and Polokwane Smelter's communities
Lepele Nkumpi Local Municipality	Municipal area in Limpopo province	Labour-sending area
O.R. Tambo District Municipality	District municipal area in Eastern Cape province covering the King Sabata; Nyandeni	Labour-sending area
Traditional authorities, administrations and liaison committees	Traditional leadership around operational areas	Surface lease, social and economic impacts of mining on the community
Central government	Various administrative departments, including DME	Some departments may only be visited on specific issues, such as home affairs (work permits); other relationships are more permanent and relate to specific issues (e.g. legislation on mining rights, environmental management, environmental permits and licences)
Parliament	Various administrative departments	Policy discussion and lobbying (in both directions) take place at this level; also debate on overarching issues of mutual interest
Regional offices	Various regional offices of DME and DWAF	Provides administrative governance function at provincial level
Limpopo provincial government	Various administrative departments	Provides administrative governance function at provincial level
Mpumalanga provincial government	Various administrative departments	Provides administrative governance function at provincial level

	Key attributes	Relationship to Anglo Platinum
		level
North West provincial government	Various administrative departments	Provides administrative governance function at provincial level
Independent government structures	Commission for Conciliation, Mediation and Arbitration; Commission on Restitution of Land Rights; Magalies Water Board; Mintek; National African Federated Chamber of Commerce; and the South African Reserve Bank	Focused working groups may work together for up to 18 months on specific issues (e.g. land restitution)
SAPS	Various branches of the SAPS around group operations	Addressing of security risks and issues in partnership
Association of Black Professionals in Mining	A network of black professionals in mining, which supports the entry and development of black people in the industry	Community development, mentorship and support
African Pathways for Youth Development	Polokwane-based youth development and training organisation	Social impacts and community development
Kroondal Environmental Forum	Environmental watchdog for the Rustenburg area	Environmental impacts
LimDev	Limpopo Business Development Agency	Business development, training and funding
Limpopo Education Development Trust	A public-private partnership to develop education in Limpopo province	Educational developments in Limpopo province
Limpopo SMME Agency	A business development agency	SMME development and support

	Key attributes	Relationship to Anglo Platinum
	funded through the government	
Limpopo Business Support Agency	A business development agency funded through the government	Business development training and funding
South African Small Scale Mining Forum	A forum of BEE small/marginal mining operations	Community development, mentorship and support
Vision of the Nation and Tshupe Hospice	A home-based care centre for HIV/AIDS patients from local communities	Provider of home-based care services funded by the Group
Mpumalanga Education Development Trust	A public-private partnership to develop education in Mpumalanga	Educational developments in Burgersfort
North West Eco Forum	Environmental watchdog for the Rustenburg area	Environmental impacts
North West Education Development Trust	A public-private partnership to develop education in North West province	Educational developments in North West province
Royal Bafokeng Economic Board	Economic board of the Royal Bafokeng nation, which looks at the development of SMMEs within the nation	An important partner in the development of SMMEs in and around RPM operations and communities
Sivukile Home-Based Care	Ten NGOs providing home-based care	Provide home-based care in communities around the operations
Royal Bafokeng Resources – Environmental Management	Environmental arm of the Royal Bafokeng nation, which looks at environmental issues	Partners Anglo Platinum in environmental issues in and around RPM operations and within the mining communities of

	Key attributes	Relationship to Anglo Platinum
		Rustenburg
Trade and Investment Limpopo	Investment agency for Limpopo	Black economic empowerment supplier, development and preferential procurement
Benchmark Foundation	Faith-based mining organisation. Corporate governance.	Conducts research around the operations
SOMO	Dutch-based research organisation	Conducted research into impacts of platinum
Chamber of Mines – SA	Industry body	Anglo Platinum is a member of the Chamber of Mines
International Platinum Association	Industry body	Anglo Platinum is a member of the International Platinum Association
BUSA	Industry body	Anglo Platinum is a member of BUSA
National Business Initiative	Industry body	Anglo Platinum is a member of the National Business Initiative

APPENDIX 3 – DETAILED BUDGET FOR G3 PROJECT

G3 PROJECT - 2008 BUDGET

Project Activity:-	Anglo Platinum's 2008 SD Report focused on material SD issues and self declared at a B+ level against GRI's G3
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Project Activity	Cost Item	Amount
G2 versus G3 Gap Analysis	Labour: One person @ R500 per hour for 80 hours	40000
	Consultant fees	10000
	Report compilation & printing	5000
	Sub Total	55000
Determine materiality & G3 indicators	Labour: One person @ R500 per hour for 120 hours	60000
	Key stakeholders workshop cost - 6 key stakeholders time for 1 day + disbursements	20000
	Report compilation & printing	5000
	Sub Total	85000
SD Report team	Labour: 3 people @ R365 per hour for 550 hours	606250
	Office rental for 3 months & R30 000pm	90000
	PwC assurance audit fees and assurance statement	750000
	Overtime meals	7000
	Office printing costs	20000
	Disbursements	15000
	Sub Total	1488250
Design and report team	Labour: 2 type setter for 300 hours at R365/hour	219000
	Photography	250000
	Editors fees	30000
	Proof reader's fees	40000
	Final Printing costs 5000 report @ R232 per report	1160000
	PwC final G3 B+ compliance check	50000
	Sub Total	1749000
Fixed costs	General staff costs e.g. training, medicals etc	15000
	Computer costs	4500
	Telephone costs	20000
	Maintenance	12000
	Office furniture	5000
	Security	3678
	Parking	5000
	Periodicals	3500
Sub Total	49178	
TOTAL COSTS - 2008		3426428

G3 PROJECT - 2009 BUDGET

Project Activity:-	Set ambitious commitments, targets and plans to address Anglo Platinum's material sustainability issues
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Project Activity	Cost Item	Amount
Integrate material SD issues into company strategy	Labour: One person @ R750 per hour for 40 hours to review existing strategy and ID integration opportunities	30000
	Report compilation	200000
	Sub Total	230000
Agree material SD issues and propose ambitious targets	Executive workshop preparation	20000
	Costs associated with two day sustainable development workshop for executive	100000
	Stakeholders materiality workshop cost - 6 key stakeholders time for 1 day + disbursements	22000
	Sub Total	142000
Functional planning	Contingency for functional plans	500000
	Sub Total	500000
Fixed Costs	General staff costs e.g. training, medicals etc	1580
	Computer costs	6000
	Telephone costs	22500
	Maintenance	13000
	Office furniture	5500
	Security	4000
	Parking	5200
	Periodicals	3700
	Sub Total	61480
TOTAL COSTS - 2008		933480

G3 PROJECT - 2010 BUDGET

Project Activity:-	Anglo Platinum's 2009 SD Report structured such and self declared at an A+ level against G3
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Project Activity	Cost Item	Amount
G3B+ versus G3 A+ Gap Analysis	Labour: One person @ R535per hour for 80 hours	42800
	Consultant fees	15000
	Report compilation & printing	7500
	Sub Total	65300
Establish an external stakeholder panel to review materiality and performance	Labour: 6 persons @ R750 per hour for 120 hours	540000
	Stakeholder panel meeting costs	10000
	Stakeholder panel report costs	15000
	Sub Total	25000
SD Report team	Labour: 3 people @ R380 per hour for 550 hours	627000
	Office rental for 3 months & R35 000pm	105000
	PwC assurance audit fees and assurance statement	820000
	Overtime meals	8250
	Office printing costs	24000
	Disbursements	17000
	Sub Total	1601250
Design and report team	Labour: 2 type setter for 300 hours at R385/hour	231000
	Photography	310000
	Editors fees	32500
	Proof reader's fees	42000
	Final Printing costs 5000 reports @ R242 per report	1210000
	PwC final G3 A+ compliance check	60000
	Sub Total	1885500
Fixed costs - 2010	General staff costs e.g. training, medicals etc	20000
	Computer costs	6500
	Telephone costs	22500
	Maintenance	13000
	Office furniture	7500
	Security	4100
	Parking	5750
	Periodicals	3500
	Sub Total	82850
TOTAL COSTS - 2010		3659900

APPENDIX 4 – LFA MATRIX

Objective level	Indicators	Assumptions	Time frame
<p style="text-align: center;">Overall objective</p> <p>Corporations use SD reports in order to make ambitious commitments to sustainability.</p>	<ul style="list-style-type: none"> - Global sustainability statistics. (Source – United Nations) - No. of corporations producing SD reports - No. of corporations producing GRI reports - No. of corporations producing GRI-G3 A+ reports 	<ul style="list-style-type: none"> - Global sustainability crisis is severe. - Business can actually address the crisis and global economic system can be moved to a path of sustainability. - Reporting can be a tool that leads to organisational change. - GRI is the solution to sustainability reporting. 	<p>Twenty to fifty years</p>
<p style="text-align: center;">Purpose</p> <p>Anglo Platinum’s SD Report is used as a vehicle for making ambitious commitments towards sustainability.</p>	<ul style="list-style-type: none"> - Percentage of commitments and targets set for key sustainability indicators - Company’s actual performance against these indicator (% targets met) - Ranking on JSE-SRI index 	<ul style="list-style-type: none"> - Executives are prepared to make ambitious commitments. - Shareholders will continue to invest in a transforming organisation. - Functional managers will have the skills to effect the change. - JSE-SRI measures are appropriate measures of sustainability performance. 	<p>Five to fifteen years</p>
<p style="text-align: center;">Outputs</p> <p>2008 SD Report is compiled in line with GRI-G3 requirements to B+ level.</p> <p>SD material issues are incorporated into</p>	<ul style="list-style-type: none"> - PwC GRI compliance statement - Report published 9 Feb. 2009 - No. of material SD issues (GRI defined) integrated into the 	<ul style="list-style-type: none"> - Executives approve this proposal. - Resources are available to implement the proposal. - Data are already available to report against GRI G3 criteria at a B+ level. - Executives show the desire and the necessary leadership 	<p>One year</p> <p>Two to three years</p>

Objective level	Indicators	Assumptions	Time frame
<p>company strategy.</p> <p>2009 SD Report is self-declared at A+ level and is GRI checked.</p>	<p>Anglo Platinum strategy</p> <ul style="list-style-type: none"> - Percentage of plans in place to address material SD issues - PwC GRI compliance statement - Report released 8 Feb. 2010 - Systems in place for all material G3 indicators and data being collected and performance being managed 	<p>that SD issues are integrated into the strategy.</p> <ul style="list-style-type: none"> - Material issues are correct. - GRI–G3 A+ level indicator reporting will lead to change. - The process will be approved at Executive level. - Systems are in place to gather data and information in order to report. 	<p>Two years</p>
<p>Activities – Summary</p> <ul style="list-style-type: none"> - G2 vs G3 gap analysis - Materiality assessment - Establishment of internal team - Establishment of design and print team - Proposal of ambitious SD targets - Two-day executive SD forum - Review of 2008 SD Report - Establishment of external stakeholder panel - Compiling of 2009 SD report and setting up of appropriate compilation team 	<ul style="list-style-type: none"> - Percentage of all project activities completed on time as per project schedule - Progress of activities tracked monthly at project-planning meetings - Final delivery of activities 	<ul style="list-style-type: none"> - Financial resources will be made available to meet the G3 Project's activities. - Human resources will be made available to deliver on the G3 Project's activities. - The activity list is correct and comprehensive. 	<p>Two to three years</p>