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Multinational mining corporations and corporate social responsibility: The case of Anglogold Ashanti in Ghana and South Africa

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CHAPTER ONE

INTRODUCTION

STATEMENT OF THE PROBLEM

"Corporate social responsibility", an unremittingly contested concept since its inception, has attracted global interest in a progressively integrated world economy. Although it is not a contemporary concept, corporate social responsibility (CSR) is developing into a global norm. Today, multinational mining corporations (MNMCs) are expected to promote and practice CSR for the socio-economic consequences of their operations in host countries. However, the inability to establish a comprehensive definition and understanding of CSR has led to either inconsistent application of it or complete disregard for it.

This study is inspired by the ongoing debate among proponents and opponents of CSR about a shift in the adoption of CSR by MNMCs. On the one hand, there is a growing social demand for MNMCs to take a leading role in meeting society's needs since these needs have exceeded the government's capacity to fulfil them. The government is traditionally viewed as the sole agent for development but proponents of CSR argue that businesses should share this responsibility. Considering that MNMCs depend on society for labour, land or resources, there are growing expectations for them to promote sustainable development. On the other hand, it is argued that companies state their intentions to contribute towards the development of local communities but translating those intentions to action remains unseen.

AIM OF THE STUDY

Drawing from the issue-area above, this study explores and critiques recent claims by MNMCs on a move towards the adoption and practice of CSR. The underlying issue with the application of contemporary CSR is that more mining companies embrace it as a concept and as an instrument for recognition, rather than as a standard to promote responsible behaviours within organisations. In addition to the central aim, this paper explores the concept of 'social license to operate' (SLO) as a model which some companies are adopting as part of their CSR strategy. It is acknowledged that there are several factors that influence the characteristics of and adherence to CSR initiatives. The factors include: host country legal or policy framework for CSR and the existence of local or political pressure to adhere to CSR policies and initiatives. These factors will be explored in relation to both CSR and SLO.

This study contributes to existing and emerging literature on the role of MNMCs in sustainable development in Africa. It sheds light on the issues that have prevented widespread recognition of the importance of CSR initiatives in the economic, social and political lives of local communities.

RESEARCH QUESTIONS

Based on the competing arguments about the need for MNMCs to be socially responsible and an observation that the current literature inadequately explains why some MNMCs fail to adhere to their CSR policies and initiatives, the main questions of the study are:

1. How are the characteristics of CSR policies and initiatives undertaken by MNMCs affected by the host-country legal or regulatory environment?
2. How are the characteristics of CSR policies and initiatives undertaken by MNMCs affected by national or local political pressure for CSR?

LITERATURE REVIEW

The concept and definition of CSR has evolved since its inception. Archie B. Carroll (1999) follows the evolution of the CSR construct from the 1950s to the 1990s. Within this period, CSR transformed from a basic definition, followed by an expansion of the literature and proliferation of CSR definitions, to increasing research and adoption of alternative themes of CSR (Carroll, 1999). From the existing literature, CSR can be categorised into four main theories with related approaches: Instrumental theories, political theories, integrative theories and ethical theories (Garriga and Melé 2004, 51). The four main theories offer arguments and counterarguments for CSR.

According to instrumental theories, the corporation is viewed as the sole driver for wealth creation and involvement in social activities is only a process to achieve economic results (Garriga and Melé 2004, 51). The most well-known proponent of this theory is Milton Friedman whose article titled "*The Social Responsibility of Business is to Increase its Profits*" reflects his arguments about CSR (Friedman, 1970). Studies and approaches of instrumental theories focus on shareholder value maximisation according to the Agency Theory of Michael C. Jensen and William H. Meckling (1976) and Stephen Ross (1973). Political theories recognise that corporations inherently possess responsibility and power in the political landscape of society (Garriga and Melé 2004, 51). There are three dominant

approaches under the umbrella of political theories of CSR. Keith Davis (1960) explored the role and power that business has in society in accordance with corporate constitutionalism. His argument was that the amount of power that businessmen have dictates their social responsibilities and if the power is not used in a manner that society deems responsible they will lose it (Garriga and Melé 2004, 56). The instrumental and political theories approach CSR from corporation or business perspectives. Both theories are business-centred as opposed to the more people-centred approaches of integrative theories and ethical theories. The propositions that are raised demonstrate the core arguments of opponents of CSR.

Corporations integrate the social demands of society into the management of business as society shapes the existence, continuity and growth of the business in accordance with integrative theories of CSR (Garriga and Melé 2004, 51). Studies on CSR in this field focus on the role of public policy, decision-making by stakeholders, and a combination of the influence that public policy and stakeholder decision-making has on social expectations. Finally, ethical theories of CSR are based on the notion that corporations have ethical responsibilities to society (Garriga and Melé 2004, 51). This branch of CSR considers concepts such as sustainable development, universal rights and contribution to the common good (Garriga and Melé 2004, 60-62). The work of Ralph Hamann and Nicola Acutt (2003) critiqued business motivations of CSR by arguing for a partnership between civil society, government and business. In a nutshell, one observes a progression of CSR theories from complete opposition to CSR to growing support and justification for CSR. Studies based on the four theories and their related approaches illustrate the ongoing debate about CSR. Within this debate, one finds that these theories are also inter-related.

There are some limitations in the existing literature on CSR. First, there are few studies of CSR in the extractive industry. For instance, Jedrzej G. Frynas (2005) conducted a study on the effectiveness of CSR initiatives by multinational oil companies. In another study, Dima Jamali and Ramez Mirshak (2007) apply Carroll's and Wood's conceptualisations of CSR to examine CSR approaches by retail, banking, manufacturing, and hospitality companies in Lebanon. Second, the few studies that investigate CSR initiatives in the extractive industry are descriptive in nature and fail to explain how and why some MNMCs fail to adhere to their CSR initiatives and the implications thereof. Explanatory research in the field of CSR focuses strictly on environmental, social, economic or political justifications for CSR as separate or unrelated factors in society. These include, amongst others, studies by Bob Manteaw (2007), Patrick Bond (2008), Emmanuel K. Boon and Frederick Ababio (2009), and Kwesi

Amponsah-Tawiah and Kwasi Dartey-Baah (2011). It is recognised that there is a relationship between the intended CSR initiatives by MNMCs and the environmental, social, economic or political aspects of society. This study will explore this relationship as it is crucial in reaching an understanding of CSR. In addition, it is important to explore the relationship between CSR and the concept of 'social license to operate' which MNMCs are incorporating into their CSR strategies.

There is growing recognition that mineral developers need to gain a 'social license to operate' (SLO) in order to avoid potentially costly conflict and exposure to social risks. This SLO is obtainable from local communities. According to Jason Prno and Scott Slocombe (2012), "a social license can be considered to exist when a mining project is seen as having the ongoing approval and broad acceptance of society to conduct its activities" (Prno and Slocombe 2012, 346). SLO has been examined from the perspective of corporate responsibility, competitive advantage and growth (Nelsen 2006); governance and sustainability theories (Prno and Slocombe 2012); and stakeholder theory (Wilburn and Wilburn 2011). The emergence of SLO has increased the standard of environmental and social performance of mineral developers. Previously, mineral developers merely insured full compliance with host-country environmental regulations. However, there is a growing recognition that full legal compliance is insufficient in meeting society's demands with regards to mining issues (Prno and Slocombe 2012, 346). The concept of SLO has thus broadened the range of governing actors by incorporating the state, mining companies, local communities, market actors and civil society in decision-making processes.

The literature on SLO indicates that SLO is an emerging concept which lacks in-depth analysis and theoretical refinement. Thus the study aims to extend the work on SLO by demonstrating the link between CSR and SLO. The main argument is that SLO is necessary to encourage MNMCs to adhere to CSR initiatives as mutually beneficial rather than forced processes. Also, the study will examine community politics that drive national politics in the mining sector.

SIGNIFICANCE OF RESEARCH

By exploring and critiquing recent claims of a move towards CSR initiatives by MNMCs, this paper addresses some of the limitations of the existing literature on CSR and the emerging concept of SLO. This paper critically analyses legal or policy frameworks of CSR. This strategy will make an original contribution to recent debates concerning CSR as most

studies have failed to utilise the core instruments (policy and legal documents and CSR guidelines) that affect progress towards CSR by MNMCs. Also, by focusing on the mining sector, the study provides a renewed analysis of one of the biggest sectors that has the potential to develop Africa; a sector that relies heavily on Africa's natural resources.

Debates in this field have largely covered issues on the importance of CSR, its constituency, governance and enforcement mechanisms. While the focus of these debates has been well directed, it appears that it has not adequately addressed the dynamics influencing the design of mining companies' CSR strategies and practices. The question remains: what makes mining companies adopt the CSR strategies and practises that they do? It is within this framework that this study aims to contribute to the ongoing debate. This will be achieved by exploring the legal and socio-political environment of the resource-rich host-country as a key influence on the types of CSR practices used by extractive companies. Companies operating in the extractive industry vary depending on the commodity being extracted: oil industry, gold, diamonds, cobalt and uranium to mention a few. This study will focus on the gold industry by assessing the CSR operative polices of AngloGold Ashanti in Ghana and South Africa.

RESEARCH METHODS

In order to achieve the aim of the study, a comparative-case analysis of the activities of the Anglo-American giant, AngloGold Ashanti in South Africa and Ghana will be employed. Furthermore, by drawing particular attention to CSR and SLO, the study will explore how international norms such as CSR evolve, are appropriated and sometimes operationalised by powerful actors and agents within the international system.

The case study method allows for the exploration and understanding of complex issues, it allows the researcher to closely examine the respective data within a specific context (Zainal 2007, 1). The case study approach is often accused of lacking rigour, allowing biased views to influence the direction of findings and conclusions. It is also criticised for depending on a single case exploration which makes it challenging to generalise findings (Zainal 2007, 5). To address these limitations, two case studies will be employed to carry out a comparative analysis to broaden the representation of the findings.

AngloGold Ashanti's operations in South Africa and Ghana were selected because the study wishes to evaluate whether differences in the characteristics of AngloGold Ashanti's CSR

policies and initiatives in the two countries exist. South Africa and Ghana are generally similar in terms of political stability and both countries embrace democracy and development. The two countries differ in that they have different laws or policies for the mining industry. They also differ in terms of their socio-political settings. These differences will allow for a comparative analysis of the factors that influence the types of CSR initiatives that MNMCs adopt. The similarities and differences of both countries will offer a fruitful analysis for the study.

The evidence for the cases in the study will consist of: legal and policy documents, print media, reliable news networks; AngloGold Ashanti's annual or quarterly financial statements and the CSR policies and initiatives found on the AngloGold Ashanti main website.

OUTCOMES

The findings of this study will demonstrate why MNMCs fail to comply with their CSR policies and initiatives. The findings of this study will also have policy and practical implications which will better position governments, policymakers and MNMCs to re-evaluate the strategies of CSR in contributing towards sustainable development.

The analytical framework and research design of the study follows in the next chapter. Chapter three discusses the theoretical and normative perspective of CSR and its related concepts – SLO and Stakeholder Management. Chapter four assesses AngloGold Ashanti's CSR philosophy and general CSR practices from 2004 to the present. Chapter five and six assess AngloGold Ashanti's CSR initiatives in South Africa and Ghana, respectively. Both chapters critically analyse the CSR initiatives of AngloGold Ashanti taking into account the legal or policy frameworks and local or national socio-political pressure for CSR. Chapter seven compares and discusses AngloGold Ashanti's CSR initiatives in South Africa and Ghana. Chapter eight offers a conclusion.

CHAPTER TWO

ANALYTICAL FRAMEWORK

The extractive industry in sub-Saharan Africa is a major contributor to economic development. Natural resources have the potential to boost development holistically but effective governance tends to be the missing link. Over the years, trends in resource-rich countries in sub-Saharan Africa have been characterised by conflict, civil unrests, strikes or protests due to greed versus grievance, pollution and resultant loss of livelihood stemming from business operations by multinational corporations. For this reason, Corporate Social Responsibility (CSR) as a global standard was introduced to ensure that (extractive) companies are responsible in the manner in which business is conducted, while promoting socio-economic development to further the global agenda to end poverty and promote human development. CSR is a globally developed standard to promote socio-economic development. Companies are obliged to be socially and environmentally responsible in their business operations and interactions in the environment within which they function.

The design, development and implementation of CSR policies by Multinational Mining Companies (MNMCs) are influenced by the legal and the political framework existing in the host-country. Although these are not the only factors, this study considers the institutional framework to be prominent. The argument here is that host-countries with strong legal frameworks and political stability are more likely to positively influence CSR policies. In this chapter, the importance of laws and political stability in informing the choices of CSR policies adopted by companies is discussed. To do so, I show the relationship between three variables: CSR initiatives, political stability and legal structures as the analytical tool.

A comparative-case analysis of the activities of the Anglo-American giant, AngloGold Ashanti (AGA) in South Africa and Ghana will be employed.

The selection of a single company in two countries presents an analytical advantage: First, if the company behaves somewhat the same in the two countries (and exceed the legal minimum); it implies that the company's CSR policy/philosophy is driving outcomes (to some extent overriding the impact of differing host country environments). Second, if the company behaves very differently in the two countries (and appear to respond to differing

legal and political pressures); it implies that the host country environment is driving outcomes (to some extent overriding the impact of company policy/philosophy).

The dependent variable identified in the study is *the characteristics of the CSR policies and initiatives undertaken by AngloGold Ashanti*. The identified independent variables are: *the host-country legal environment* and *the host-country socio-political environment*.

The characteristics of CSR initiatives undertaken affect the manner in which government formulates and regulates mining operations and CSR or, better viewed in this light, sustainable development. In turn, the legal or policy framework of the host country shapes the level of compliance with CSR initiatives adopted by mining companies. The characteristics of CSR initiatives undertaken also determine whether there will be local or national political pressure demanding MNMCs to be socially responsible. For instance, if society feels that there is no compensation from mining companies when they operate, they may protest for more sustainable development initiatives. Through this process of political pressure, mining companies may re-align their CSR initiatives with the demands of society. Finally, local or national political pressure for CSR adoption and implementation affect the legal or policy framework for CSR of the host country. For instance, when society is not satisfied with the activities of mining companies, it may pressure policymakers to adopt stricter mining laws.

There are several other relevant cases that could be employed in the study. The extractive industry includes extraction of different types of minerals and metals such as platinum-group metals, diamonds, copper and cobalt. There is a plethora of case studies on the extraction of these minerals or metals. However, cases drawn from the gold industry have been overlooked because of the long-established, yet declining gold industry in Africa. One of the reasons for selecting cases from this industry is because of the historical significance of gold production in both South Africa and Ghana. South Africa and Ghana are the first and second largest gold producers in Africa, respectively. The oil industry offers multiple case studies but, as aforementioned, a wide range of studies on CSR in the oil industry have been conducted. It is important for this study to invest in an area that seems to be forgotten. Selecting the gold industry and employing cases from the two largest gold producers in Africa will allow for a broad investigation of CSR in a mining industry that has been overlooked.

Good governance through democracy and strong institutions creates a platform for unsatisfied workers to voice their frustrations and concerns to the government which is obliged to act in the best interest of the people. When the operating environment of business

is detrimental to the livelihood of its workers and their families, the latter as stakeholders should be protected by the laws or institutions guiding the functioning or operation of businesses in the host-country. A company's CSR policies can be influenced by local and national pressure. For example, demonstrations like strikes, community protests or civil unrest could disrupt the running of a business which could result in accrued losses. In addition, the host-country may become unattractive to foreign investment which is a key driver of economic growth. In a conducive legal and socio-political environment, local pressure on the national government has the potential to positively influence the design of existing CSR policies of business. In a situation where the government does not meet the demands of the people the reputation of such a company is in derision and faces the risk of losing customers or business partners. These risks are viable and costly to business entities.

The next Chapter will discuss CSR from a normative and theoretical perspective. It provides a discussion of CSR in general as well as CSR and related concepts in relation to the mining industry.

CHAPTER THREE

THEORETICAL AND NORMATIVE PERSPECTIVE OF CORPORATE SOCIAL RESPONSIBILITY, STAKEHOLDER MANAGEMENT AND SOCIAL LICENSE TO OPERATE

The purpose of this chapter is to discuss Corporate Social Responsibility (CSR) by drawing insight from Carroll's (1991; 2004) Pyramid of CSR, Stakeholder Management and social licence to operate (SLO). Over the years, CSR has undergone fundamental shifts in its conceptualisation and application. This shift is as a result of multi-stakeholder activism and two other factors: external pressure from stakeholders and the business case for CSR. It would be impossible to provide an all-inclusive listing of existing CSR initiatives due to the evolution of the CSR landscape and emergence of new CSR initiatives. Instead, this chapter will focus on the primary initiatives and stakeholder activities that endeavour to enhance business' role as socially and environmentally responsible actors. It begins by outlining the underlying basis for CSR, stakeholder management and SLO. This will be followed by a discussion of CSR from a theoretical and normative perspective in relation to the changing patterns of global governance. A brief explanation of stakeholder management will then be provided. Finally, CSR norms and stakeholder engagement in the mining industry will be discussed.

Since CSR entails responsibility to stakeholders, there is a natural fit between stakeholder theory and CSR. Kakabadse, Rozuel, and Lee-Davies (2005, 289) propose that if the aim of CSR is to define *what* responsibilities ought to be fulfilled by business, then stakeholder theory aims to address *whom* business is or should be accountable to. Stakeholder theory is a complementary body of literature in the operationalization of CSR (Branco and Rodrigues 2007, Garriga and Melé 2004, Yakovleva and Vazquez-Brust 2012); an indication that both concepts are interrelated. Another related concept within the CSR debate is "social license to operate" (SLO) which has gained significance in the mining industry. "SLO is a means to earn accountability, credibility, flexibility and capacity for both stakeholders and industry" (Nelsen 2006, 161). Drawing on Branco and Rodrigues' (2007) inference about CSR and stakeholder theory, this paper proposes that SLO attends to *why* and *how* businesses should be accountable to stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Carroll's Four-Part CSR Pyramid

As a highly contested concept, various conceptualisations of CSR have been offered. Carroll's (1991) four-part pyramid of CSR is a leading model for CSR. The pyramid categorises society's expectations of business responsibilities into four kinds of hierarchical responsibilities: economic (be profitable), legal (obey the law), ethical (be ethical) and philanthropic (be a good corporate citizen) (Carroll 1991, 42). Economic responsibilities entail that a principal role of business is to make an acceptable profit from the production of goods and services that consumers need and want (Carroll 1991, 42). Consequently, "all other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations" (Carroll 1991, 42). For example, a business needs to be profitable in order to provide employment and contribute to social development.

Businesses are expected to be legally and ethically responsible to the stakeholders in the environment within which they operate. Legal responsibilities dictate that a business must pursue its economic activities within the legal and regulatory framework promulgated by state and local governments (Carroll 1991, 43). Ethical responsibilities, although not codified into law, are "those activities or practices that are expected or prohibited by society members" (Carroll 1991, 43). They represent "those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights" (Carroll 1991, 44). These imply that a business has a moral and a lawful obligation to avoid causing harm by doing what is right, just and fair.

Finally, philanthropic responsibilities are defined as activities or acts that improve the quality of life of communities, promote goodwill and contribute financial resources or executive time to communities (Carroll 1991, 42). There are two important points about philanthropic responsibilities. First, they are voluntary responsibilities on the part of business. Thus, a business cannot be regarded as unethical if it does not meet the desired level of societal expectations. For Carroll, philanthropy is "icing on the cake—or on the pyramid" (Carroll 1991, 45). The four components of the pyramid are not mutually exclusive, rather they form a unified whole which a business must consider when making decisions about CSR activities or programs in fulfilment of all the components (Carroll 1991, 48). There are continuous but

dynamic tensions between economic responsibilities and each of the other components. For these tensions to be resolved, it is suggested that business must engage with stakeholders in accordance with stakeholder management.

Carroll's model has been criticised for having limitations in conceptual clarity and descriptive accuracy (Visser 2005, 46). However, his model is useful for defining and understanding CSR. The four components of CSR provide an umbrella concept that can be applied in different contexts. His model works well as a descriptive rather than normative framework as his normative framework is not representative of non-American CSR aspirations (Visser 2005, 47). Visser (2005) argues that Carroll's model lacks descriptive accuracy as his study showed that the links between the four components are not clear.

> For example, is the issue of HIV/AIDS treatment primarily an economic responsibility (given the medium to long-term effects on the workforce and economy), or is it ethical (because HIV/AIDS sufferers have basic human rights), or is it philanthropic (HIV/AIDS is not an occupational disease, so surely treatment amounts to charity) (Visser 2005, 47)?

Carroll (2004) aligned his 1991 CSR pyramid with CSR as a top-down process and involvement of non-traditional stakeholders. In order to fulfil economic, legal, ethical and philanthropic responsibilities business must do what is: required by global capitalism, required by global stakeholders, expected by global stakeholders and desired by global stakeholders (Carroll 2004). The incorporation of the *global* and *stakeholders* allows for application of his framework in different contexts. It was found that the different components of Carroll's model do play a role in different contexts (Crane & Matten 2004; Visser 2005; Dartey-Baah and Amponsah-Tawiah 2011). However, the order and connection of the components cannot be regarded as universal. For instance, the practice in Africa is such that economic responsibilities are given priority, followed by philanthropic, legal and then ethical responsibilities (Visser 2005; Dartey-Baah and Amponsah-Tawiah 2011).

Changing Patterns of Governance

Government-Recognised Guidance

The rise of globalisation and business has been followed by new developments of CSR in the current global political economy landscape. Within these developments, concepts such as international development and sustainability are now gaining prominence on the CSR agenda. Resultantly, a variety of new governance structures – rules, norms, codes of conduct, and standards – that constrain and shape MNC behaviour is being established in the process

(Levy and Kaplan 2007, 1). CSR has emerged as a prospective new source of global governance, to facilitate the ability to reach collective decisions on transnational issues (Haufler 2001, 2). This platform brings together state and non-state actors, breaching communication and regulatory gaps as well as balancing power in problem-solving (Drauth 2010, 8). These actors consist of business corporations, civil society, NGO's, IGO's and state institutions, among others. Interactions between these actors foster checks-and-balances and compliance.

In the absence of a global government to 'authoritatively' ensure enforcement and compliance of CSR, new arrangements of non-hierarchical regulation have emerged to pressure companies to assume greater responsibility on an arguably voluntary basis. There are three complementary and prominent global instruments that promote CSR: the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. National, regional and international official documents on CSR have emphasised them as prime international CSR instruments. Thus, they are widely seen as serving the broader CSR framework from which other CSR initiatives emerge such as official CSR documents of the 2002 European Commission and the 2007 G8 Summit Declaration (Drauth 2010, 1). The main difference of the three instruments is their underlying governance logic; however, there are four areas of convergence. They are based on universal principles; include the four Fundamental Principles of Rights at Work; encourage enterprises to establish dialogue; and encourage enterprises to contribute to sustainable development and a fair globalisation (ILO 2010). Although the origins and contents, purposes, policy areas, and effectiveness of the three instruments vary, they are complimentary.

Privately-developed principles

In addition to government-recognised guidance, there is a plethora of private CSR initiatives that have diverse objectives, focus areas and implementation mechanisms. The initiatives aim to promote codes of conduct, provide reporting guidelines or raise awareness of CSR. The issue areas covered by private CSR initiatives and government-supported guidance are complementary as they address human rights, labour standards, environmental standards, health and safety, community development, and consumer rights.

The Global Reporting Initiative (GRI), founded in 1997 in the US, aims to develop globally applicable guidelines for voluntary self-reporting on companies' economic, social and environmental performance (O'Rourke 2004, 16). AccountAbility, a British NGO, developed AA1000 standards which seek to improve the credibility of CSR reporting (O'Rourke 2004, 16). The International Organization for Standardization (ISO) has proposed ISO 26000 Social Responsibility Guidance Standard for CSR (OECD 2009, 238).

There are also industry-led private initiatives such as the creation of the International Council on Metals and the Environment (ICME) in 1991 and its successor organisation, the International Council on Mining and Metals (ICMM 2003) a decade later (Dashwood 2012A, 4). The ICMM promotes 10 basic principles of good practice in the areas of sustainable development, human rights, health and safety, environmental performance, and contribution to the social and economic development of local communities (ICMM 2003). The point of reference of the principles is leading international standards such as the GRI, OECD Guidelines, UN Global Compact, and ILO Conventions (ICMM 2003). The Africa Mining Vision (AMV), which has its origin in Africa, represents a landmark for CSR in Africa. The AMV was established at the First African Union Conference of Ministers Responsible for Mineral Resources Development in 2008 and adopted by African Heads of State and Government in February 2009. It advocates that

> "It is necessary for mining companies to embrace the notion of CSR in order to contribute to wider development objectives. As CSR approaches could be voluntary or legislated, it is important to entrench CSR in any policy framework in a manner that is clear about the responsibilities of mining companies and government" (Bulletin 6).

In effect, the government-supported and privately-developed CSR initiatives have emerged as new patterns of governance in the global CSR landscape. The initiatives, standards and guidelines discussed above have contributed to the awareness, adoption and implementation of CSR among global stakeholders by identifying and explaining the responsibilities that business should fulfil.

Stakeholder Management

The number of stakeholders involved in CSR has increased. Thus, stakeholder management becomes an important tool to address who business is or should be accountable to when implementing its CSR strategies. The concept of stakeholder management denotes the need for an organisation to govern the relationships it has with its stakeholder groups in a manner

that is action-oriented (Ranängen 2013, 12). The aim of stakeholder management is to allocate organisational resources in a manner that takes into consideration the impact of such allocations on all stakeholders (Kakabadse and Rozuel 2005, 290). Thus, implementation of CSR necessitates identifying and managing relations between stakeholders who can affect or are affected by business operations.

Stakeholders are "groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions" (Freeman 1984, 41). Stakeholder can also be defined as "those groups without whose support the organization would cease to exist" (Ranängen 2013, 11). Stakeholders are organisations or institutions, board of directors, shareholders, employees, customers, government agencies, labour unions, political groups, civil society, the media and local communities. Stakeholders are generally categorised into different groups as a broad classification reduces the value of accountability; while a narrow classification results in the exclusion of important stakeholder. There are two groups into which stakeholders are usually divided in decision-making processes concerning business activities – "vested" and "non-vested" stakeholder groups (Wilburn and Wilburn 2011, 9) or primary and secondary stakeholder groups (The Sailor Foundation; Branco and Rodrigues 2007, 7).

Vested or primary stakeholders are those that would have a voice and a vote as they have a right to possess something tangible in the local community (Wilburn and Wilburn 2011, 9). For example, individuals in a community, shareholders, owners or the government having a right to property, land or claiming the rights of future generations (The Sailor Foundation). Non-vested or secondary stakeholders would have only a voice as they have an interest in the activity being pursued by a company (Wilburn and Wilburn 2011, 9). Non-vested stakeholders, such as political groups, social groups, regulation agencies and trade unions may influence the decisions of vested stakeholders by the use of media or collaborating with a vested stakeholder group that will in turn influence the decisions of another vested stakeholder group (Wilburn and Wilburn 2011, 9).

Arenas, Lozano and Albareda (2009) find instrumental and normative approaches to stakeholder theory. Empirical evidence of a positive correlation between inclusion of stakeholders and business performance supports the instrumental approach, while the business' moral obligation to stakeholders supports the normative approach (Arenas, Lozano and Albareda 2009, 177). Indeed, the instrumental and normative frame to stakeholder theory

is effective when one assesses the role of stakeholders in the adoption and implementation of CSR strategies. This will be discussed in further detail below.

CSR IN THE MINING INDUSTRY

The adoption of CSR strategies, for strategic and normative reasons, in the mining industry has been shaped by broader norms relating to CSR. MNMCs are constrained by the broader norms of CSR in addition to the emerging concept of social license to operate (SLO). This section of the paper will discuss CSR norms particularly in the mining industry. It will unfold the concept of stakeholder management by discussing the role that governments, non-governmental organisations (NGOs), local communities and MNMCs in advancing CSR norms in general and in the mining industry.

Norms

There are economic, environmental, social and labour benefits and consequences that develop from the mining industry – nationally and internationally. The industry has had a reputation for the negative social and environmental consequences of its operations such as water pollution, community displacements, and health and safety problems. Most mining companies have adopted CSR policies and strategies as a result of global normative and strategic developments. Such developments relate to calls for the industry to show social and environmental responsibility by stakeholders as its activities involve the exploitation of non-renewable resources (Hamann and Kapelus 2004, 85).

Most mining companies in the early 1990s treated environmental impacts of their operations as an externality and were irresponsible in the communities they operated (Dashwood 2012A, 2). By the mid-1990s, the concept of sustainable development progressed as an important global norm that directly affected the mining industry (Dashwood 2012B, 121). There are three dimensions to sustainable development: economic development, environmental protection and social equity (Jenkins and Yakovleva 2006, 271). By the end of the 1990s, the norm of sustainable development came to be accepted by mining companies and governments in industrialised, developing and emergent economies (Dashwood 2012B, 121). The majority of large mining companies had adopted CSR policies and practices under a normative frame of sustainable development by the mid-2000s (Dashwood 2012A, 2). In the same period, the KPMG International Survey of Corporate Responsibility Reporting 2005 indicated an increase in the adoption and reporting of sustainable development strategies, in the form of

annual sustainability reports, by large mining companies (Dashwood 2012B, 121). According to the GRI, 1,426 companies submitted CSR reports in 2009 (Wilburn and Wilburn 2011, 13).

In the Asia Pacific Economic Cooperation (APEC) mining sector, consisting of 21 economies, there has been an increase of CSR codes and standards involving multiple mining stakeholders (APEC Secretariat 2011, 1-13). For example, Canadian mining firms are progressively integrating social and environmental concerns of their stakeholders into their mining projects (APEC Secretariat 2011, 1-13). However, it has been found the CSR codes and standards are not precisely tailored for mining and the mine life cycle (APEC Secretariat 2011, 1-13). In addition, implementation of CSR codes and standards is uneven and adherence to international standards is inadequate (APEC Secretariat 2011, 1-13). Actions to overcome these challenges have been taken by APEC economies. For instance, a capacity building project was undertaken to implement sustainable development initiatives in the mining sector (APEC Secretariat 2011).

In Africa, mining companies are increasingly subscribing to international standards relevant to CSR and this has led to an improvement in CSR in the mining sector. Mining companies are also engaging in programmes to improve the lives of their employees and mining communities – owing to local community demands for social and environmental responsibility in mining operations. African governments have also been proactive in promoting CSR in the mining sector. For instance, South Africa and Nigeria have implemented a legislative approach to CSR (ECA, 9). Other countries such as Ghana, the Democratic Republic of Congo, the United Republic of Tanzania, and Namibia, are increasingly seeking to imbed CSR in their policy frameworks (ECA, 9).

Stakeholder Engagement

In addition to the institutions and organisations discussed above, this paper is particularly interested in four stakeholders that have been a source of external pressure for business to adopt CSR policies and strategies. Dashwood (2007) argues that in order to prove that companies are reactive to global CSR norms, one must demonstrate that those global CSR norms are shared by states, civil society and the corporations themselves. It is the aim of this section of the paper to respond to the proposition that mining companies are responsive and react to CSR norms as advocated by governments, NGOs, local communities and leading mining companies.

The most fundamental impediment of collaboration that Atkins (2011) identifies is that the objectives of business differ from those of government and civil society. The main objectives of business are to maximise profits and meet consumer demands; while the objectives of civil society are to produce social change and to represent marginalised stakeholders; and the objective of government is to promote economic development through the provision of a reliable regulatory framework (Atkins 2011). Given these differences, there is evidence of a shift towards collaborative efforts to promote CSR norms that integrate the concerns of all stakeholders.

Governments

The drivers of CSR have predominantly been inter-governmental organisations, NGOs, civil society organisations and some multinational corporations. Government has an important role to play in advancing CSR. Since CSR is not a one-size-fits-all concept, it is essential that government plays an active role in shaping and regulating CSR. It is regarded as having a role as mediator, facilitator and partner in the promotion of CSR (Albareda et al. 2008, 350). It is thus necessary for government to align global CSR norms with locally-specific and culturally sensitive solutions for sustainable development. Government is required to play a significant role in shaping the understanding of expected responsible conduct by business.

Government can also ensure that business adopts CSR practices through soft power. Soft power is a means of changing behaviour through public diplomacy, rather than the use of regulation. For example, this can be achieved by formally recognising CSR initiatives, creating an enabling environment, funding research on CSR, developing tools and guidance documents for CSR management, and engaging in public-private partnerships (Steurer 2007, 8). There must be a balance between hard and soft power as regulatory environments vary across governments.

Governments have increasingly become active in developing and supporting initiatives that promote CSR because they realise that the private sector can make a significant contribution to sustainable development. Steurer (2010) provides five literature-based propositions on why governments are increasingly taking interest in CSR. First, voluntary CSR efforts of business help to meet policy objectives related to sustainable development and environmental protection (Steurer 2010, 1). Second, the soft-law character of CSR is regarded as a fitting balance for hard-law regulations and has low political costs in terms of stakeholder resistance (Steurer 2010, 1). For instance, in Norway, CSR policies and traditional policies are deeply

incorporated to the extent that CSR policies are not easily separated or recognisable from traditional policies (Steurer 2007, 9-10). Third, CSR policies have transformed public governance in a way that has led to non-hierarchical modes of societal co-regulation (Steurer 2010, 2). For instance, the government-recognised guidance and privately-developed principles relating to CSR discussed above demonstrate a shift towards new patterns of governance where the steering of societies is no longer the sole responsibility of government. Fourth, governments seek to define CSR as business' voluntary contribution to sustainable development as CSR "starts where the legal framework ends" (Steurer 2010, 1). For instance, The Indian Ministry of Corporate Affairs launched a set of national voluntary guidelines that require state-owned businesses to spend 2% of profits on CSR (Pyres 2011, 3). Finally, governments seek to mutually define the shifting involvements of different stakeholders in CSR rather than being spectators of change (Steurer 2010, 2). Many European governments, for example, have used the following policy instruments to facilitate CSR: campaigns, guidelines or trainings; partnership agreements, public-private dialogues; financial or economic rewards such as subsidies, grants or prizes (Steurer 2007, 15).

NGOs

While the role of government is to provide a reliable legal and regulatory framework to promote economic development, NGOs have assumed the role of representing marginalised communities and producing social change. "NGOs" is an umbrella concept for a large variety of organisations which are self-governing, private, non-profit organisations or civil society organisations (Arenas, Lozano and Albareda 2009, 179). NGOs serve operational and/or advocacy functions. Operational functions relate to the provision of social services such as health and education, whereas advocacy functions relate to lobbying intergovernmental organisations, MNCs and governments to influence policy formation or conduct (Arenas, Lozano and Albareda 2009, 179; Schepers 2006, 283). In the global community, NGOs are also recognised as significant non-state actors in their work with international and national stakeholders in advancing CSR.

NGOs function in an intermediary position between governments and business, on the one hand, and communities on the other hand. In the context of CSR and stakeholder relations, there are four types of NGO engagements with governments and business: cooperation, communication, consultation and confrontation (Nelson 2007, 8). Through the use of these types of engagement, NGOs have influenced the adoption and implementation of CSR

practices among businesses around the world. In Spain for example, NGOs are considered one of the main actors at the forefront of CSR introduction and development (Arenas, Lozano and Albareda 2009, 179). In India, there is a growing trend in business-NGO partnerships geared to push CSR beyond what was perceived as an experimental stage (Pyres 2011, 6). In 2011 for example, only 16% of the top 100 earning companies in India had a CSR strategy with well-defined objectives and targets in place (Pyres 2011, 3).

Numerous NGOs have been especially active in the natural resource sector, particularly the oil, gas and minerals sectors. Examples of NGOs that have been exclusively and broadly active in the mining sector include Mineral Policy Institute, Earthworks, Mining Watch Canada, and Transparency International. Energy and mining companies become an obvious target for NGOs to either confront or cooperate with (Nelson 2007, 6). This is essentially a result of the social, economic, environmental and political impacts that energy and mining operations have in local communities. Multinational energy and mining companies are often met with complex social and political operating environments in host-countries and partnerships with NGOs are a way of addressing such conditions (Nelson 2007, 6). In countries with weak governance, governments have a weak capacity to effectively allocate large public revenues that are generated from oil, gas and mining projects for development purposes (Nelson 2007, 7). Thus, some companies prefer to channel these resources through NGOs, rather than directly to governments. NGOs are positioned as custodians of local communities.

Local Communities: SLO

The community is a key stakeholder for mining companies as their operations are usually within and nearby communities and their operations affect or are affected by communities. CSR in the industry becomes important for managing business-community relations and to mitigate the adverse effects of mining operations in communities. Communities have been confronted with human and indigenous rights violations, social disruption and dislocation, and pollution and damage to heritage land as a result of the social and environmental impacts of mining.

Although global CSR initiatives, government regulation and NGO activism have pressured mining companies to adopt CSR, mining communities, in their own right, have also been a source of pressure for business to act more responsibly. Thus, mining companies use CSR programmes and community investment as tools to obtain a competitive advantage, maintain

a stable working environment, maintain a good reputation, manage stakeholders (Jenkins and Obara 2008, 2-3) and meet employee demands as they are members of the community. This paper will draw particular attention on SLO, which mining companies obtain and/or maintain through CSR programmes or activities. Most CSR programmes for communities focus on infrastructure development, investment in health and education, compensation and royalties, direct or indirect employment, establishment of small business enterprise, skills development, capacity building and other community programs to improve the livelihoods of communities.

SLO is a rather complex concept because of its inherent intangibility. SLO is viewed as a set of concepts, tools, practices and values for the mining industry and stakeholders to earn accountability and credibility (Nelsen 2006, 161). It is based on the extent to which mining companies meet the expectations of civil society; particularly those of local communities. Shutdowns and slow-ups have frequently occurred where these demands have not been met (Prno and Slocombe 2012, 346). Protests and blockades, government lobbying and media campaigns are forms of action that communities take in order to prevent the establishment of mining projects. For example, Newmont had to suspend its gold mining activities at Mount Quilish Peru following resistance by numerous social organisations (Jenkins and Obara 2008, 2). Local communities have become influential governance actors and key arbitrators in the mineral development process due to their power to grant (or withhold) a SLO, their proximity to projects and their influence on project outcomes (Prno and Slocombe 2012, 347).

In the context of corporate-community relations, a SLO is a goal that both mining companies and local communities have. A SLO acts as a buffer against social risks and community conflict for mining companies (Prno and Slocombe 2012, 348). The granting of a SLO by local communities often implies the involvement of decision-making, approval of mining projects and acceptance of benefits from the project (Prno and Slocombe 2012, 348). However, since the process of awarding a SLO is time- and context-specific, community priorities, capacities and expectations will differ subject to the setting (Prno and Slocombe 2012, 346). This explains why communities may never support some mining projects. Royal Dutch Shell, for example, successfully obtained a SLO in the Palawan Island, Philippines, but not in Nigeria (Wilburn and Wilburn 2011, 12).

Different interests among community members may further complicate corporate-community relations and the awarding of a SLO. On the one hand, there are instances where elderly male farmers oppose proposed mining operations as they feel they will result in loss of grazing and

arable land (Hamann 2003, 249). On the other hand, young people and women in the community are open to mining operations as they feel mining operations will bring job opportunities (Hamann 2003, 249). There is no manual on how to obtain a SLO. However, there are a few studies that provide recommendations on how to obtain it. Wilburn and Wilburn (2011) propose a Five-Step process to obtain a SLO. A company has to do the following from step one through step five (Wilburn and Wilburn 2011, 11): First, provide a description of how the proposed project will meet ethical norms. Second, collect information through direct communication with each stakeholder group in the community as well as data from government and NGO sources. Third, the company must analyse the alignment between step one and step two. Fourth, all stakeholder groups must be engaged in a discussion to produce a project proposal that will lead to consent by the majority of the vested or primary stakeholder groups. Dissatisfied non-vested or secondary stakeholders may use campaigns or social media to halt a project although there may be consent from vested stakeholders. Fifth, monitoring of project developments would be performed by the company. It must be determined whether the project will proceed at the end of step three, four and five.

Nelsen (2006) and Nelsen and Scoble (2006) propose Situation Analysis as a tool to acquire a SLO. It is "a process of examining and mapping a situation, its elements, and their relations, in order to acquire knowledge and understanding on the region" (Nelsen 2006, 161). A mining company must have a planning process that allows an early, integrated and comprehensive examination of the various political, economic, social and technological factors that are likely to affect SLO (Nelsen 2006, 161). Obtaining a SLO also requires: ongoing and open communication among all stakeholder, transparency, capacity building, culturally sensitive decision-making and upholding a positive corporate reputation (Nelson and Scoble 2006; Gunningham, Kagan and Thornton 2004; Prno and Slocombe 2012).

Mining Companies

The social and environmental responsibilities of business are increasing due to changes in the manner in which its role is perceived. These changes are informed by global changes and increasing expectations stemming from a consensus that business has a larger role to play in sustainable development. On the one hand, business may engage in CSR activities without external or internal pressure because of the recognised benefits associated with CSR activities. On the other hand, it is strongly influenced by stakeholder demands for it to be

more socially and environmentally responsible. Regardless of the level of influence, business gains a great deal of benefits.

The first reason that business engages in CSR initiatives is to maximise profits. Although there are practical reasons for using economic arguments to promote CSR, Blowfield points out that there are risks associated with justifying business involvement in CSR by its commercial benefit (2005, 517). For instance, labour standards used in CSR offer some basic protections to workers but companies have an implicit right to retrench workers as they are indirectly protected from any responsibility for the consequences of disinvestment (Blowfield 2005, 517). In this view, the economic argument for business to be involved in CSR initiatives comes at the cost of workers' labour rights. However, interpretations of contemporary definitions of CSR indicate that there is recognition that business also has economic responsibilities. CSR is about the manner in which companies manage their business operations. In other words, the main concern of CSR is how a company makes its profits (management of the core business) as opposed to what it does with its profits (Drauth 2010, 1).

Another reason that business adopts CSR codes is to ensure and improve sustainable competitiveness (Cavico and Mujtaba 2012, 15). It is suggested that there is a business case for CSR because there is an implied positive relationship between the CSR involvement of a company and its financial success in the long run of the business (Weber 2008, 247). Theoretical and empirical evidence to support this proposition has, however, been mixed (Salzmann et al. 2005, 28–30; Wagner et al. 2001; Margolis and Walsh 2003). Margolis and Walsh (2003) who conducted an empirical study also found mixed results but they concluded that a positive relationship between CSR involvement and financial success dominated. On the theoretical side, Wagner and Schaltegger (2004) argue that the impact of CSR involvement on financial success depends on a company's individual strategy. Scholtens (2008) found that the results of his study support a significant relationship between financial performance and social performance (2008, 52). Another important finding is that social performance usually follows financial performance; although this interaction may be inverted depending on the targets of CSR (Scholtens 2008, 52).

It is worth mentioning the other benefits that business gains from engaging in CSR initiatives. These include: self-regulation and self-enforcement, establishing new business opportunities, securing cooperation from local communities; attracting and retaining quality investors and

business partners; obtaining government support; reinforcing the company's reputation; saving costs; reducing or managing CSR-related risks; and recruiting and retaining employees (Sprinkle and Maines 2010, 447; Cavico and Mujtaba 2012, 15; Levis 2006, 52; Weber 2008, 248

CSR is no longer just a top-down process, but is also a bottom-up process in which mining companies are at the forefront of promoting CSR norms in the sector. MNCs are increasingly recognised as political actors through their norm- and rule-setting behaviour. There have been recent efforts by mining companies to form collaborations at industry self-regulation and development of global CSR standards related to mining (Dashwood 2012A, 3). A chief example of this is the creation of what is today the ICMM by Noranda and Placer Dome that worked with industry associations and international organisations to promote CSR standards in the mining sector (Dashwood 2012A, 4). A study examining CSR practices, procedures and metrics in the mining industry in Catalonia (Spain) indicated that there is an awareness of CSR practices among mining companies; particularly those related to environmental issues (Vintróa et al. 2012).

In conclusion, there is now a plethora of global, regional and local reference points for CSR. From the discussion on CSR, it can be summarised that CSR: is voluntary; is connected to sustainable development; must be integrated into the core business strategy; must go beyond legal requirements; involves fairness and accountability to stakeholders; and is not a substitute for the role of government. The punishments (confrontations, protests and campaigns) and rewards (awarding of a SLO) issued by stakeholders have induced business to be responsive to CSR. This chapter has discussed CSR from a theoretical and normative perspective. It demonstrates that CSR has become a global norm in line with the principles of sustainable development. Also, the mining industry has been affected by these global developments and mining companies are increasingly responsive to calls to be more socially and environmentally responsible in their operations.

CHAPTER FOUR

ANGLOGOLD ASHANTI'S CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY AND VALUES

The purpose of this chapter is to outline AngloGold Ashanti's (AGA) CSR values, philosophy and practices from its creation in 2004 to its most recently documented activities in 2012. It is not the aim of this chapter to provide an assessment of AGA's CSR values, philosophy and practices. Rather, this chapter presents a foundation for the case studies in the two subsequent chapters and the overall analysis of AGA's CSR practices. This chapter will begin by providing a brief overview of the company. This will be followed by a discussion of its business and sustainability approach. An overview of its compliance and administration will follow. Finally, an outline if its reporting areas will be provided.

OVERVIEW OF AGA

AngloGold Limited was formed in June 1998 (AngloGold 2008, 1). Its successor, AngloGold Ashanti Ltd, was formed in April 2004 through the merger of AngloGold Limited and Ashanti Goldfields of Ghana (AngloGold 2008, 1). AngloGold Ashanti is a gold exploration, mining and marketing company with 21 operations in ten countries and five projects in three countries (AngloGold Ashanti 2012, 5). Its operations and projects are grouped into four geographic areas: South Africa comprising two mining areas, West Wits and Vaal River, with six deep-level mining and surface operations; Continental Africa with operations in Ghana, Guinea, Mali, Namibia and Tanzania, as well as two projects in the Democratic Republic (DRC); Americas with operations in Argentina, Brazil and the United States, as well as projects in Colombia; and Australasia with a mine and project in Australia (AngloGold Ashanti 2012, 4).

According to AGA's values, AGA puts the highest priority on safety and health in the workplace. It further asserts that: it treats people with dignity and respect; it values diversity; it is accountable for its actions and undertakes to deliver on its commitments; the communities and societies in which it operates will be better off for AngloGold Ashanti having been there; and it respects the environment.

BUSINESS AND SUSTAINABILITY APPROACH

There are five strategic focus areas in AGA's business strategy. One of the focus areas is embracing sustainability principles, which entails developing business and social partnerships, ensuring employees' safety and well-being and managing environmental and other impacts of its business (AngloGold Ashanti 2012, 11). Mark Cutifani, Chief Executive Officer of AGA, states that "sustainability is not a standalone discipline but an integral part of our business, across disciplines and geography" (AngloGold Ashanti 2012, 9). As such, AGA has confidence that an effectively-executed sustainability strategy will provide a basis for competitive advantage through "improved productivity and fewer disruptions; stronger relationships with communities globally; preferential access to resources, capital and talent; opportunities to grow [its] business; and enhanced company reputation" (AngloGold Ashanti 2012, 12). AGA aims to undertake consistent and co-ordinated community investment that contributes to the development of communities within and around its operations by focusing on partnerships with communities and governments in the development of its projects (AngloGold Ashanti 2012, 12). To achieve this aim, engagement with stakeholders is paramount to AGA.

AGA interacts with a range of stakeholders who are directly or indirectly and positively and/or negatively affected by its business and who affect its business outcomes (AngloGold Ashanti 2012, 6). Engagement with stakeholders may be formal or informal, throughout the mining life-cycle and is intended to build social partnerships to secure a social licence to operate (SLO) (AngloGold Ashanti 2012, 6). There is a diversity of stakeholders across a variety of geographic regions that AGA interacts with. They include regulatory bodies, governments, NGOs and community-based organisations (CBOs), media, industry bodies, investors, employees and employee representatives, customers, suppliers, and communities (AngloGold Ashanti 2012, 6).

COMPLIANCE and ADMINISTRATION[1]

AGA subscribes to or endorses several externally developed economic, environmental and social charters, principles, or initiatives. They consist of:

- Alignment of AGA's business principles with the 10 principles of the UN Global Compact;

[1] This paragraph summarises information from AngloGold Ashanti 2012c, 172-174

- Implementation of the ICMM Sustainable Development Framework, comprising a set of 10 principles, public reporting and independent assurance;
- Reporting against the GRI Guidelines and to delivering non-financial reporting;
- Public reporting on all payments to governments in accordance with the Extractive Industries Transparency Initiative (EITI), regardless of government membership to the EITI;
- Voluntary Principles on Security and Human Rights such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work;
- Responsible mining, refining and marketing of gold at all operations in line with the Responsible Jewellery Council (RJC) (AngloGold Ashanti Córrego do Sítio Mineração, AngloGold Ashanti Australia and Cripple Creek and Victor are the only members of the RJC);
- International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Productio n of Gold;
- World Economic Forum (WEF);
- World Gold Council (WGC) Conflict-Free Gold Standard; and
- London Bullion Market Association (LBMA) Responsible Gold Guidance (AngloGold Ashanti's Queiroz Refinery in Brazil complies with the Guidance).
- Recognition of the Africa Mining Vision
- King Reports on Corporate Governance: King III

AGA also has membership in associations and/or national or international advocacy organisations, such as the Chamber of Mines of South Africa, Business Leadership South Africa (BLSA), Business Unity South Africa (BUSA), and the National Business Initiative (NBI).

RESPONSIBILITY REPORTING

An important aspect of CSR reporting is identifying those risks or liabilities that are considered "material" to stakeholder and may have a "material" impact on social and environmental disclosure. For AGA, "a risk may or may not be a material issue identified by the business; however it is one that influences or makes a difference to the stakeholder" (AngloGold Ashanti 2012, 14). Material issues are determined through a three-stage process. Stage 1 consists of identifying issues that are relevant to: "direct short-term financial

performance; ability to deliver on strategy and policies; best-practice norms exhibited by peers; stakeholder behaviour; concerns about societal norms" (AngloGold Ashanti 2012, 14). In stage two the issues are prioritised through a process of internal and external considerations. Finally, in stage three the issues are reviewed by internal and external advisory panels and the board. Some of the material issues identified by AGA are employee health and safety, water and air pollution, increase in resource nationalisation and potential conflict with governments, increasing community and government expectations, and human rights (AngloGold Ashanti 2012, 15).

AGA's reports undergo a threefold approach to assurance and approval. This consists of internal audit, external audit and sustainability panel review. In particular, AGA's sustainability reports are reported against the GRI's G3.0 Guidelines for non-financial reporting and the ICMM Sustainable Development Framework.

Performance Reporting[2]

AGA reports on different performance categories. Details of each category are disclosed in the sustainability reports. These relate to the company's economic, legal, ethical, philanthropic, social and environmental responsibilities. Table 1 below shows the changes in AGA's focus and inclusion of reporting categories. The ticks illustrate the reporting category included in each year's report. Each reporting category will be outlined by providing a brief description of the category followed by a list of indicators, focus areas or activities.

AGA reports on its economic performance as it seeks to share economic benefits derived from the exploration and exploitation of resources with a range of stakeholders. Activities within this sector include: gold production, total cash costs, group value-added statements, distribution of wealth (such as payments to government and employees), capital expenditure, and assistance from government.

Performance on occupational health and safety is a valued aspect of AGA's policy. AGA prioritises the health and well-being of employees by providing a safe environment for operations (AngloGold Ashanti 2008b, 37). The activities in this sector includes: fatal accidents, new cases of silicosis, occupational tuberculosis (TB) and noise-induced hearing loss (NIHL).

[2] Unless otherwise stated, the performance reporting summarises information from AngloGold Ashanti 2006, 14-104

AGA reports on ethics and governance as it seeks to promote appropriate risk management to create a safe working environment for its employees and its respective business initiatives (AngloGold Ashanti 2008b, 31). This is achieved through: corporate governance board structure, shareholder and stakeholder engagement, voluntary compliance with organisations and initiatives, political donations (South Africa), risk management, legal issues, disclosure, and whistle-blowing.

Community reporting aims to foster sustainable development in its host communities. It defines host communities as "those groups of people who are directly or indirectly affected by AngloGold Ashanti, including those surrounding our operations, those on transport routes used by our operations, and those in areas from which our labour is drawn (labour-sending areas)" (AGA 2012, 58). Its reporting on community initiatives focuses on significant incidents relating to community issues and human rights, local economic development, corporate social investment (CSI), indigenous people's issues, and land management.

As part of its aim to promote sustainable community development, AGA invests in CSI. AGA defines CSI as "the voluntary investment of funds in the broader community through programmes spanning a range of development and maintenance activities that seek to complement the work of government, NGOs and community-based organisations (CBOs), where the target beneficiaries are external to the company. Corporate social investment specifically excludes those activities where the purpose is primarily commercial, for example, marketing, employee benefits or public relations activities" (AngloGold Ashanti 2008b, 43).

AGA respects the environment and seeks to promote a safe and healthy environment in and around its operations. Indicators reported in this category include: rehabilitation and decommissioning liabilities, significant environmental incidents, cyanide usage and management, fresh water and energy usage, greenhouse gas emissions, and land management.

Health is another key focus area for AGA. First, it provides anti-retroviral therapy to its employees to engage in a productive and healthy environment. It considers: prevalence estimates, AngloGold Ashanti's HIV & AIDS programme, cost of the HIV & AIDS programme, prevention (Voluntary Counselling and Testing), Anti-retroviral therapy, and wellness programmes. Second, malaria poses a significant risk to the operation of AGA in countries like Ghana, Guinea, Mali and Tanzania. AGA provides a malaria control programmes to aid its employees in incidences of malaria (AngloGold Ashanti 2008b, 59).

Reporting areas for AGA's Labour Practices include: number of employees and contractors, union representation agreements, separations, women in mining, training and development, and minimum wages.

AGA aims to promote and respect human rights. It is a platform for equality on the basis of gender, race and sexual orientations (AngloGold Ashanti 2008a, 114). In the area of human rights, the following are reported: discrimination and harassment, freedom of association and collective bargaining, security and human rights, human rights training, and reporting of significant issues (AngloGold Ashanti 2008a, 114).

Performance reporting has varied from the first report in 2001/2002 to the most recent report in 2012. First, in 2004, 2006 and 2007, 2009, 2010 and 2011(for 2011-2015), AGA had scorecards showing performance of the reporting year against the previous years' objectives. The scorecards also set out the company's sustainability goals for the following year. In 2012, there was a description of performance of what was said to be done in 2011-2015 against what was actually done in that year. Second, the performance categories changed over the years. For instance, the sustainability reports of 2010-2012 no longer have disclosure of economic performance integrated in the report. Instead, economic performance is reported in the Annual Integrated Reports.

Table 1: AGA Reporting Trends

	Year										
Reporting Categories	2001/ 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Economic			✓	✓	✓	✓	✓	✓			
Occupational Health and Safety	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ethics and Governance		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Community	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HIV/AIDS		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Malaria			✓	✓	✓	✓	✓	✓	✓	✓	✓
Employment/Labour Practices		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human Rights							✓	✓	✓	✓	✓

Reporting Timeline

The titles of AGA's CSR reports have changed over time. In 2001/2002 the reports were titled "Social Investment Report" as AGA only reported on categories that relate to social issues. From 2002 to 2008 the title of the reports changed to "Report to Society". The titles "Sustainability Review" in 2009 and "Sustainability Report" from 2010 to 2012 coincided with the inclusion of the human rights reporting category, which is an important aspect of CSR or sustainable development. The changes in the report titles reflect changes in AGA's conceptualisation of CSR and changes in CSR standards and reporting guidelines.

This chapter has outlined AGA's CSR values, philosophy and practices in accordance with its performance reporting. Its reporting trends indicate a shift in its CSR values and philophy in line with its subscription to and endorsment of national and international compliance and administration charters, principles and initiatives. It can be concluded that AGA voluntarily complies with global and industry CSR standards; its sustainability strategy forms an integral part of its business strategy; it goes beyond legal compliance; it engages multiple stakeholders; and it embraces the principles of sustainable development. It is accountable to its stakeholders by reporting its CSR policies and initiatives in annual CSR reports. The following two chapter present the case studies of AGA in South Africa and Ghana.

CHAPTER FIVE

ANGLOGOLD ASHANTI'S CORPORATE SOCIAL RESPONSIBILITY POLICIES AND INITIATIVES IN SOUTH AFRICA

The purpose of this chapter is to assess the legal and socio-political setting within which AngloGold Ashanti (AGA) operates its CSR activities in South Africa. This will be achieved by providing a brief background of AGA's operations in South Africa. A background of the South African mining industry and its contribution to economic development will then follow. An examination of the legal and regulatory environment with regards to AGA's CSR policies and initiatives will be provided. This will be followed by a discussion about the socio-political environment affecting AGA's CSR policies and initiatives in South Africa.

BACKGROUND ON AGA OPEARTIONS IN SOUTH AFRICA

AGA has six deep-level mines and a surface operation in South Africa. The Vaal River operations are made up of the Great Noligwa, Kopanang, Moab Khotsong mines and surface operation and the West Wits operations are made up of the Mponeng, Savuka and TauTona mines (AngloGold Ashanti 2011a, 1). Unless otherwise stated, the 2006, 2007, 2008, 2011 and 2012 reports on AGA's CSR policies and initiatives in South Africa will be employed.

BACKGROUND ON SOUTH AFRICA'S MINING INDUSTRY

For over 140 years, the South African mining industry has contributed substantially to economic development. In 2012, the industry accounted for 8.3% of South Africa's Gross Domestic Product (GDP) directly (Chamber of Mines of South Africa 2013B, 1). The mining sector created a total 1 365 892 jobs in 2012 – 524 632 of which were directly created by the sector (Chamber of Mines of South Africa 2013B, 1). AngloGold Ashanti is amongst the top ten mining producers in South Africa that contribute towards community, enterprise and skills development (Chamber of Mines of South Africa 2013B, 4).

The gold mining sector in South Africa has been a catalyst for infrastructure, manufacturing and service industries development since the discovery of the Witwatersrand Goldfields in 1886 (Creamer 2013). South Africa dominated the global gold mining industry for many years but its industry is in a declining phase with production declining by 8.2% per year or by an overall 83% (Creamer 2013). Now the sixth largest gold producer after Peru, South

Africa's contribution to total global production has fallen from 68% in the past to a mere 6% (Creamer 2013). 142 201 jobs were created from the gold mining industry in 2012 (Chamber of Mines of South Africa 2013B, 1).

Although the gold mining sector has contributed towards development, the history of mining in South Africa is one that shows deep-rooted socio-economic inequalities. CSR in South Africa's mining industry is seen as an instrument to redress the legacies of apartheid (Hamann 2003; Busacca 2013). Apartheid worked to the disadvantage of black South Africans through lack of state and foreign investment endorsement of social development; exploitative and forced labour practices; exclusion of black people from the political system; and an ineffective education system (Hamann 2003; Busacca 2013). The focus of the democratisation and reconciliation period following the April 1994 democratic elections was the need to redefine political, economic and social participation and operations of national and multinational business. State intervention in the mining sector has given rise to a progressive regulatory environment aimed at sustainable development of the country's mineral resources.

LEGAL/REGULATORY ENVIRONMENT FOR CSR

The current legal framework with regards to CSR is limited in the mining industry as CSR remains implicit in South Africa. There is also no legislation that makes an express reference to CSR; it merely provides guidelines of the expected contributions from mining companies in terms of sustainable development (Mabuza, Msezane and Kwata, 2010, 3). The enactment of legally binding legislation by government is an attempt to integrate CSR in the governance structures of mining companies following public outcry about social issues brought about by mining operations. Such attempts are seen through the enactment of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) in June 2002 and the Broad Based Black Economic Empowerment Charter for the South African Mining and Minerals Industry (the Mining Charter) in October 2002. This section of the paper will examine the effect of the MPRDA and the Mining Charter on AGA's CSR policies and initiatives. This will be achieved by outlining provisions relevant to CSR and discussing AGA's policies and initiatives in relation to them.

The Mineral and Petroleum Resources Development Act

The state acknowledges that South Africa's mineral and petroleum resources belong to the nation and it, as the sole custodian thereof, has full entitlement to regulate the exploitation of the resources as entrenched in the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA). The objects and spirit of the MPRDA are to "make provision for equitable access to and sustainable development of the nation's mineral and petroleum resources" (DMR 2010). The preamble of the MPRDA expresses the state's obligation under the Constitution to take legislative and other means to remedy the consequences of past racial discrimination; to protect the environment; and to promote economic and social development (DMR 2010). It also recognises the need to "promote local and rural development and the social upliftment of communities affected by mining" (DMR 2010). The enactment of the MPRDA was thus a major step towards regulating the mining industry in a manner that would contribute to sustainable development. Although there are no provisions that expressly refer to CSR, the objects of the Act recognise the importance of sustainable development as link to the concept of CSR.

Chapter four of the Act sets out provisions for mineral and environmental regulation. These include the requirements for consultation with interested and affected parties; assistance to historically disadvantaged persons; information disclosure; environmental management principles, programmes and plans; and compensation payable under certain circumstances. The National Environmental Management Act 107 of 1998, Companies Act 61 of 1973, and Close Corporations Act 69 of 1984 apply to the provisions under environmental management. Under these provisions, any person that fails to manage all environmental impacts will be guilty of an offence under the act and a person convicted of such an offence will be liable to a fine or to imprisonment or to both such fine and such imprisonment (section 98(a)(iii)). The MPRDA was amended in 2008 and 2012, and there is now an amendment bill of 2013.

The MPRDA represented an important legal development in the mining industry. It was a step to regulate sustainable development of the industry in a manner that would contribute to development. In this section, the effect of the MPRDA on the characteristics of AGA's CSR policies and initiatives will be examined.

AGA has supported beneficiation in South Africa. As part of company policy, AGA launched, a global gold jewellery design competition called Auditions in 1999(AngloGold Ashanti 2012a, 8). Following the enactment of the MPRDA in 2002, AGA engaged in other

beneficiation activities in South Africa, such as strategic investments in the Rand Refinery (Pty) Limited and Oro Africa (a jewellery manufacturing company) (AngloGold Ashanti 2012a, 8). The beneficiation initiatives have supported job creation and skills development in in the gold manufacturing industry.

The MPRDA requires mining companies to manage and remedy their environmental impacts. AGA manages its environmental impacts through its Environmental Policy and every operation in South Africa has its own environmental policy (AngloGold Ashanti 2006b, 30). A number of incidents, which mainly related to non-permitted water discharge events, were reported by AGA from 2004 to 2012. From 2004 to 2008, the number of reported incidents increased from 16 to 104 (AGA West Wits 2008, 44). According to AGA, the increase in the number of incidents reported in that period was due to more comprehensive reporting as a result of the implementation of better environmental management systems (AngloGold Ashanti 2008, 51). The failure of AGA to comply with national and provincial legislative requirements did not result in any fines or legal action taken against the company since they were of no material significance (AngloGold Ashanti 2006b, 30).

Following the increase in reported environmental incidents, a revised environment and incident classification system was adopted in 2009 (AngloGold Ashanti 2009, 32). The objectives of the classification system were to clarify the distinctions between the severity of different incidents and to reduce ambiguity in deciding whether an incident should be reported (AngloGold Ashanti 2009, 32). The effect of the new classification system was such that reported environmental incidents declined to 10 in 2010, 12 in 2011 and 10 in 2012. Thus, any environmental incidents that are considered to be of no significance are not reported.

AGA's environmental management initiatives undertaken in 2011 include the development of an integrated water management strategy and the commissioning of a new pollution control dam which is aimed at reducing the potential for impacts on the local river systems (AngloGold Ashanti 2011a, 5).

The Mining Charter

This section of the paper will examine the effect of the Broad-Based Socio-Economic Empowerment Charter for the South Africa Mining Industry (The Mining Charter) on AGA's CSR policies and initiatives. The Mining Charter was enacted by four industry stakeholders:

the Department of Minerals and Energy (now the Department of Mineral Resources), the Chamber of Mines of South Africa, the South African Mining Development Association and the National Union of Mine Workers (DMR 2009). The objectives of the Mining Charter are to promote employment and develop the social and economic wellbeing of mining communities and major labour-sending areas; to promote sustainable development and growth of the mining industry; and expand opportunities and existing skills base for the empowerment and inclusion of historically disadvantaged South Africans (HDSAs) in the mining and minerals industry (DMR 2010, 1). The mission of the Mining Charter is to give effect to section 9 of the Constitution and section 100(2)(a) of the MPRDA, which provides for the development of the Mining Charter for effecting the entry of HDSAs into the mining industry (DMR 2010, ii).

There are nine elements of the Mining Charter aimed at redressing past racially discriminatory practices. Stakeholders must adhere to the following for the empowerment of HDSAs: ownership and joint venture, procurement, beneficiation, employment equity, human resource development, mine community and rural development, housing and living conditions, sustainable development and growth of the mining industry, and reporting (monitoring and evaluation) (DMR 2010). A mining company will be in breach of the MPRDA if it fails to comply with the provisions of the Mining Charter and the MPRDA and the offences and penalty clauses under sections 98 and 99 of the MPRDA will apply.

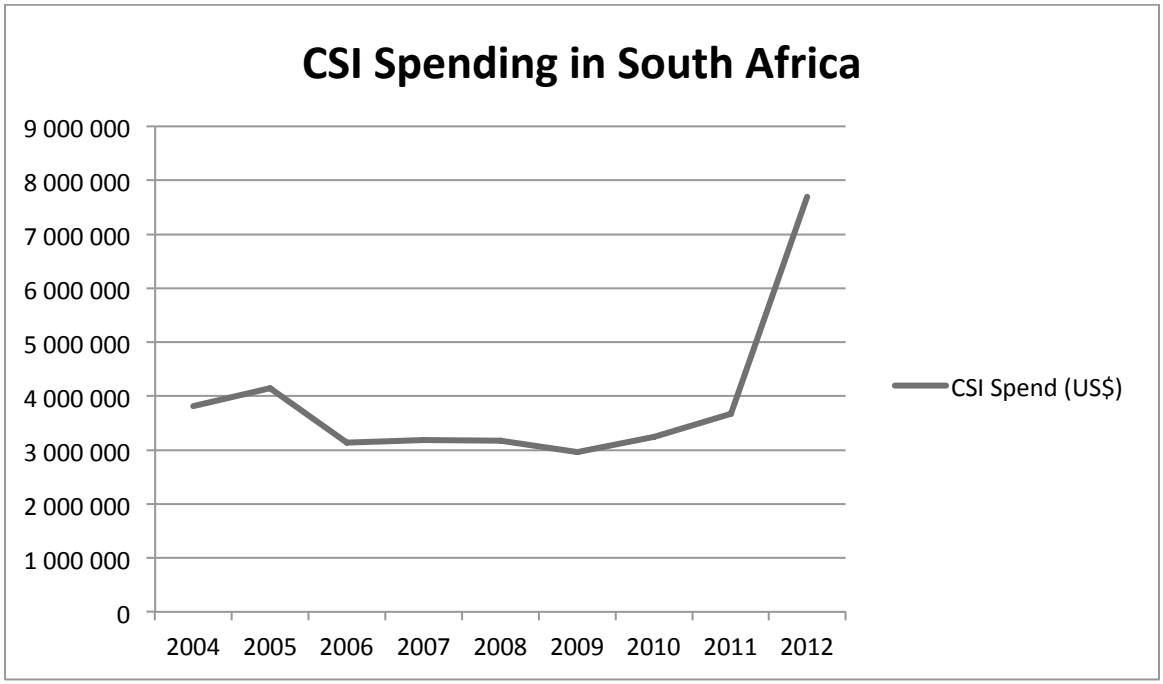
Mining companies must report the progress made towards compliance with the objectives of the Mining Charter in the form of a scorecard. The scorecard measures the BBBEE Codes of Good Practice and assesses seven elements related to BBBEE (DTI 2013). The elements are: ownership, management control, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development (DTI 2013). The socio-economic development element measures the extent to which companies give resources and carry out initiatives to improve the welfare of HDSAs (Busacca 2013, 22). It is thus, closely related to CSR. According to a corporate social investment practitioner, South African stakeholders found that the scorecard symbolises an important catalyst for CSR-related change in companies. The scorecard was last revised in 2013 which now consists of five elements for reporting. For the purpose of analysing AGA's progress, the paper will rely on AGA's West Wits and Vaal River Mining Charter reports for the period 2010-2012 (the only available reports).

For both the Vaal River and West Wits operations, AGA met and in most instances exceeded the Mining Charter's compliance targets set for 2012. It failed to meet the compliance target of 50% for services in terms of the procurement and enterprise development element. It only reached 46% for Vaal River operations and 38% for West Wits operations (AngloGold Ashanti 2012d).

AGA views its socio-economic responsibilities in terms of compliance with the Mining Charter and securing of its license to operate. According to the Mining Charter, mining companies must spend 1% of net profit after tax (NPAT) on socio-economic development (DMR 2010). The value of AGA's socio-economic development spending at Vaal River stood at 1.1% of NPAT in 2011 and 2.78% in 2012 (AngloGold Ashanti 2012d). At West Wits, it amounted to 0.9% of NPAT in 2011 and 1.17% of NPAT in 2012 (AngloGold Ashanti 2012d). Thus, AGA's socio-economic spending largely exceeded the legal requirements.

AGA contributes to socio-economic development through corporate social investment (CSI). CSI spending in South Africa, in order of priority, is allocated to education, welfare and development, skills training and job creation, HIV & AIDS, health, and area committee (AngloGold Ashanti 2008b, 43). Figure 1 below shows AGA's CSI spending from 2004-2012. The increase in 2012 may be associated with the injection of more funding. Over $40m was budgeted for investment in local economic development, enterprise development, and social and institutional development for the period 2012 to 2014 (AngloGold Ashanti 2011, 34).

Figure 1: AngloGold Ashanti's CSI Spending in South Africa (2004-2012)



Various socio-economic initiatives have been undertaken by AGA in line with the Mining Charter. In the area of skills training and job creation, a Community Human Resources Development Programme was created for youth development in host communities and labour-sending areas (AngloGold Ashanti 2012a, 6). In the area of health, the AngloGold Ashanti HIV/AIDS programme was established for employees and communities (AngloGold Ashanti 2006B, 20). It consists of a prevention programme, treatment programme (including the provision of VCT and ART) and a support programme (AngloGold Ashanti 2006B, 24). Although efforts to prevent new cases of HIV infection have been unsuccessful (an increase from 0.66 to 0.75 cases per 1,000 employees), the treatment programme was significantly successful (AngloGold Ashanti 2012a, 5).

The company has developed policies that aid in the achievement of its socio-economic requirements. For instance, a socio-economic development model was developed in order to facilitate the transition from a labour intensive to a technology-driven mode of operating (AngloGold Ashanti 2011, 3). A revised socio-economic framework was designed in order to integrate community development into core business activities (AngloGold Ashanti 2011a, 6).

AGA has complied with both the MPRDA and the Mining Charter. It has contributed to socio-economic development in South Africa through its policies and initiatives. In South Africa, AGA focuses on HIV/AIDS as part of its CSI programme. This has had an impact on the health of employees and local communities living in a country that is heavily affected by HIV/AIDS. The regulatory environment in South Africa's mining industry has had a positive influence on AGA's CSR activities.

SOCIO-POLITICAL ENVIRONMENT

Socio-political pressure for CSR has also influenced the adoption of CSR by mining companies in South Africa. Persistent poverty in the country and in mining communities, in particular, is a social problem that is given the highest level of priority in South Africa. Expectations for mining companies to meet the demands of local communities stem from multiple stakeholders including the government, NGOs, the media and local communities in their own right. South Africa's position as a democratic country, reoccurring labour strikes and community protests for social services form the main socio-political context and actions that have led to pressure for CSR implementation. In this section of the paper, the extent to which local and national socio-political pressure for CSR affects the characteristics of AGA's CSR practice will be assessed. First, the role of democracy in promoting CSR initiatives will be assessed. Second, the effect of labour strikes on the implementation of CSR initiatives will be discussed. A discussion about local community protests for mining companies to meet their social demands will be provided. Finally, a discussion about nationalisation of South Africa's resources in relation to CSR will be provided.

Political Environment

On the one hand, South Africa's transition to democracy following the 1994 elections and its Constitution have contributed to political stability in the country. On the other hand, the government led by the African National Congress (ANC) has failed to deliver on its post-apartheid development promises. The Bill of Rights in the Constitution promotes the rights of all South Africans. The rights enshrined in the Bill of Rights are the reference point of local communities' demands for a better standard of living, access to social services and to live in a healthy environment. After twenty years of democracy, the reality in South Africa is government corruption, poverty, unemployment, inequality and lack of service delivery. For example, statistics of Census 2011 indicate that employment and wealth is still heavily concentrated among white South Africans (Fin24 2012). Although the average household

incomes of black South Africans has increased, white South Africans earn six times more money than black South Africans. This reality has sparked protracted civil unrest and violent protests in the country (Fin24 2012).

An unstable socio-political environment, whether nationally or locally, affects the operations of mining companies. As will be discussed below, labour strikes have been high in the mining sector. Mining companies have implemented CSR initiatives as an important mechanism for encouraging moral and social order. CSR initiatives act as a tool for supporting a stable socio-political environment, such as supporting democratic processes.

AGA seeks to support multiparty democracy in South Africa. It does so by providing financial funding for political parties in South Africa only, while it seeks to be a good corporate citizen in other countries of its operations (AngloGold Ashanti). The aim of the political donations is "to promote political competition, public scrutiny of policy- and law-making, and the exercise of executive power" (AngloGold Ashanti). In line with its aim of promoting multi-party democracy, it provides funding for more than one political party based on three criteria:

> "(1) That the party embraces a philosophy and a track record consistent with both the principles of the South African constitution and of the social and business policy and philosophy of the company. These include the advancement of human dignity, human rights and freedoms, non-racialism and non-sexism. This shall not, however, preclude parties seeking to protect minority cultures and languages without unduly damaging the rights of majorities; (2) A capacity to contribute meaningfully to democratic political debate, and to the generation of policy ideas for public consideration and choice; and (3) A capacity to contribute constructively to building a culture of executive accountability and parliamentary oversight" (AngloGold Ashanti).

Although AGA's Sustainability Report provides that political donations are subject to full disclosure, such information was unobtainable. One may assume that AGA provides a higher proportion of funding to the ANC to maintain good relations with the government. However, it is assured that "the group's purpose in this is not to advance immediate, narrow commercial interests" (AngloGold Ashanti 2008a, 18).

Labour Strikes

South Africa has very dynamic and vocal labour, youth and civic organisations. Labour strikes in the mining industry have become a common occurrence in South Africa. They are connected to discontent about low wages and persistent inequalities and slow development in

the country and in mining communities. Strikes have a ripple effect in South Africa's industrial sector. For example, strikes in the platinum sector reverberated across the manufacturing and transport sectors. Also, strikes in one mining sector triggers strikes in other mining sectors. For instance, strikes in the platinum sector in 2012, set off labour strikes in the gold and coal sectors. Strikes lead to political instability which cripples the economy. For instance, economic growth fell by 0.7% in 2013 in a year amid strikes (Myburgh 2014). Also, lower foreign investment in the country results in higher government borrowing (Nicolson 2012).

The strike in Marikana started in the Rustenburg platinum belt of South Africa's North West province (Nicolson 2012). The main cause of the strike was disagreement about increases in wages between workers and Lonmin mine's management (SABC 2012). 34 miners were killed in a clash between members of the South African Police Service and workers (SABC 2012). Aside from issues over wages, there was rivalry between three labour unions – ANC allied trade union the National Union of Mineworkers (NUM), the Association of Mineworkers and Construction Union (AMCU) and the Congress of South African Trade Unions (COSATU) (Nicolson 2012). In a background discussion with an industry official, mining companies blame the government and labour unions for failing to follow bargaining processes. It has also been argued that institutional failure in the government to address the situation intensified the strike (Hartford 2012).

In the context of CSR, mining companies have a responsibility to exercise fair labour practices and contribute to human resource development. This is an important responsibility as many workers, who reside in mining communities, depend on wages for their living. By being socially responsible to their employees, mining companies contribute towards poverty alleviation. AGA was affected by the protracted strikes in 2012. About 24,000 workers were on strike at its six mines which cost the company 30, 000 ounces of gold a week (Nicolson 2012). Mark Cutifani, CEO of AGA, stated that AGA took actions in order to "avoid similar tragic consequences, and build partnerships in the interest of the industry and society at large" (AngloGold Ashanti 2012c, 10). AGA approached the incident in manner that would encourage interaction with stakeholders and one that would reduce the risks that impact human rights (AGA 2012c, 56). The company engaged with various stakeholders during the strike period including the departments of Mineral Resources and Labour, mayors, local authorities, strikers and their representatives, contractors, suppliers and local communities (AngloGold Ashanti 2012c, 57).

The Marikana strikes led to the signing of the Framework Agreement for a Sustainable Mining Industry by government, organised labour and business on July 3, 2013 (Chamber of Mines of South Africa 2013c). The agreement sets out key steps and processes that will see all parties working together to ensure stability and sustainability of the mining sector for the future of South Africa's economy (Chamber of Mines of South Africa). In relation to AGA's sustainability approach, the Framework represents a long-term strategy of improving management/employee relationships in its business. Srinivasan Venkatakrishnan (Venkat), CEO of AGA, stated that "Labour relations is less about wage negotiations, but more about whether the rule of law will dominate and whether mines can operate safely" and that "stakeholders are coming together to deal with broad issues including community relations" (McKay 2013). This represents a major stride in effecting CSR in the industry. The agreement's aim to promote stability in the mining sector means mining companies, such as AGA, can operate in a stable socio-political and economic environment.

AGA also took the initiative to establish a Future Forum, comprising union representatives and AGA sustainability department personnel, to promote enhanced engagement with labour unions (AngloGold Ashanti 2012a, 6).

Protests: Corporate Resources vs. Government Service Delivery

CSR is concerned with redistributing corporate resources to public causes (Steurer 2010, 1). An issue that arises with local community expectations of business' CSR is that the line between business and government responsibilities often gets blurred. This is especially so when the government fails on service delivery. It must be understood that CSR activities conducted by business compliment rather than substitute state actions that promote social and environmental development (Mazurkiewicz and Crown 2005, 1). Government is required to provide a functioning legal and regulatory environment, and effective delivery mechanisms for public services (Petkoski and Twose 2003, 8). Business is required to be ethical in its operations, while philanthropic responsibilities should be considered an add-on.

AGA has blamed the government for community demands of social services beyond its capacity. According to AGA, national and local governments' lack of capacity and a lack of co-ordination between government entities may result in delayed and inefficient payments to government by mining companies (AGA 2012a, 73). The delayed payments then lead to government's inability to meet the expectations of society, thus blurring the line between the

expectations of service delivery by government and those of mining companies (AGA 2012a, 73).

The blurred line may cause community dependency on mining companies whereby communities become dependent on company resources (Frynas 2005; Jenkins and Obara year not available). For instance, communities in the Niger Delta became dependent on Shell's activities which they saw as a form of rent from Shell, rather than Shell's CSR activities (Ite 2005, 921). It is important for the government to make the line clear. This can be achieved by: leading by example; clarifying expectations of business with regard to CSR; eliminating bribery and corruption and encouraging transparency; providing tax benefits; investing in effective public service institutions; and creating a national vision and strategy for CSR (Petkoski and Twose 2003, 8).

Nationalisation of Mines

When government first announced the idea of nationalisation of South Africa's mineral resources, mining companies prepared for the worst. Nationalisation has been on African states' agenda such as Zimbabwe and Zambia. The essence of nationalisation is to align economic returns of the mining industry with the development needs of a country.

Nationalisation has sparked debate about its benefits and costs. For those in favour of nationalisation, it is a solution for harnessing South Africa's mineral wealth for the benefit of the people. Furthermore, it will resolve youth unemployment; it will improve sustainability and safety of communities and mining environment; it will enhance socio-economic development as prescribed in the Mining Charter; and increase beneficiation (Tolsi, Bauer, and Pillay 2012). Those who are against nationalisation argue that it will have economic ramifications for the country.

In December 2010, the ANC announced that South African mines would not be nationalised (Tolsi, Bauer, and Pillay 2012). However, the state would increase ownership in sectors that it deems appropriate, such as coal, iron ore, shale and other natural gases (Tolsi, Bauer, and Pillay 2012).

According to AGA "resource nationalism continues to be a significant risk facing resource companies in 2012" (AngloGold Ashanti 2012c, 73). The issue of nationalisation of South Africa's resources is relevant to AGA since it increases competition for access to scarce mineral resources, pressure to show tangible economic benefits for communities, and

payments to government in the form of royalties and taxes (AngloGold Ashanti 2011c, 16). In 2011, the following initiatives were undertaken in response to the probability of nationalisation: a group-wide framework to address sustainable development issues in a more systemic way was designed; continued partnership with communities and governments for development and community investment initiatives; and demonstration of the benefits of responsible mining (AngloGold Ashanti 2011c, 16).

Nationalisation has had an effect on the characteristics of AGA's CSR policies and initiatives. AGA's response to nationalisation is demonstrated in its socio-economic policies and initiatives as a whole. Increasing youth unemployment, the global financial crisis, and increasing poverty have increased community and government expectations of AGA to contribute socio-economic development.

It can be concluded that the strikes in 2012/2013 in the country had an effect on the characteristics of AGA's CSR policies and initiatives. The signing of the Agreement indicates that the strikes, as a socio-political issue, had an effect on the characteristics of AGA's CSR policy to the extent that it is recognised and included in AGA's CSR policy. The creation of the Future Forum by AGA was a step to encourage good relations with labour unions and to have policies in place for future strikes. Local communities have protested for better living standards and increasingly expect mining companies to meet their social demands. AGA has been responsive but has been affected by the government's lack of service delivery. Finally, the fear of nationalisation has encouraged AGA to continue with its socio-economic contributions.

CONCLUSION

This chapter has examined the effect of South Africa's legal and regulatory environment as well as its socio-political environment on AGA's CSR policies and initiatives. It is observed that the legal and socio-political environments have pressured AGA to be more socially and environmentally responsible in South Africa. The next chapter will examine the legal and socio-political environments in Ghana in relation to AGA's CSR policies and initiatives.

CHAPTER SIX

ANGLOGOLD ASHANTI'S CORPORATE SOCIAL RESPONSIBILITY POLICIES AND INITIATIVES IN GHANA

INTRODUCTION

The purpose of this chapter is to assess the legal and socio-political setting within which AngloGold Ashanti (AGA) operates its CSR activities in Ghana. This will be achieved by first providing a brief background of AGA's operations in Ghana. A background of the Ghanaian mining industry and its contribution to economic development will then follow. An examination of the legal and regulatory environment with regards to AGA's CSR policies and initiatives will be provided. This will be followed by a discussion about the socio-political environment affecting AGA's CSR policies and initiatives in Ghana.

BACKGROUND ON AGA PROJECTS AND OPEARTIONS IN GHANA

AGA has two wholly owned and managed operations in Ghana. The Iduapriem mine is an open-pit mine in the south western region of Ghana (AngloGold Ashanti 2012c, 1). The Obuasi mine comprises primarily underground mining as well as some surface mining in the form of open-pit and tailings reclamation (AngloGold Ashanti 2012c, 1). It is in the Ashanti region of Ghana (AngloGold Ashanti 2012c, 1). Unless otherwise stated, the 2007, 2008, 2011 and 2012 Ghana Country reports on AGA's CSR policies and initiatives will be employed.

BACKGROUND ON GHANA'S MINING INDUSTRY

The mining industry in Ghana contributes to economic growth through foreign direct investment, generation of government revenue and employment generation. In 2011, the industry contributed 12% of government revenue, 7% of the country's total corporate tax earnings and it accounted for 6% of GDP (Ghana Chamber of Mines 2011, 4). The large scale mining sector employed about 20,000 people, while the small scale mining sector employed about 500,000 people (Ghana Chamber of Mines 2011, 4). Mining also contributes to socio-economic development through linkages with the rest of the economy, infrastructure development and technology transfer.

With regards to CSR, producing members of the Ghana Chamber of Mines contributed $26,676,354 ($43,732,833 in 2011) to host communities and the general public in 2012 (Ghana Chamber of Mines 2012, 15). This amounted to approximately 1% of revenue distributed to big ticket beneficiaries (Ghana Chamber of Mines 2012, 15). These contributions were allocated to social infrastructure, such as roads, schools, clinics, extension of electricity and provision of potable water systems to host communities (Ghana Chamber of Mines 2012, 14).

LEGAL/REGULATORY ENVIRONMENT FOR CSR

There is no national policy or law regulating the implementation of CSR in Ghana. CSR remains a voluntary initiative among mining companies in the country. However, state agencies promote CSR implementation through a variety of laws, policies, practices and initiatives that collectively provide an enabling environment for CSR in Ghana. The government seeks to promote CSR by creating legislative and regulatory frameworks that define minimum standards for business performance. State agencies play a role in promoting CSR by mandating, facilitating, endorsing and collaborating in practices and standards that relate to CSR issues (Atuguba and Dowuona-Hammond 2006, 49). These practices and standards, for instance, relate to community relations, environmental stewardship, corporate governance, ethical business practices, information disclosure, health and safety, and human rights (Atuguba and Dowuona-Hammond 2006, 50). The paper will present a detailed discussion of the Minerals and Mining Act, 2006 (Act 703), which is the main legislative and implicit CSR framework for mining in Ghana.

The Minerals and Mining Act

The Minerals and Mining Act, 2006 (Act 703) repealed several mining laws in Ghana upon enactment in March 2006 (Atuguba and Dowuona-Hammond 2006, 52). The object of the Act with regard to CSR is to encourage sustainable development in mining by taking environmental protection and community interests into account. Section 1 of the Act and Article 257 (6) of the Constitution provide that all minerals of Ghana are the property of the State and the President is the custodian thereof. Thus, the State plays an important role in providing a legal and regulatory framework for CSR in the mining industry.

Tensions arise between mining companies and local communities over the use of land for mining projects and operations. Local communities in and around mines depend on the land

for agricultural activities or on forests for their livelihoods. Land use is regulated under surface rights and compensation provisions of the Act. According to section 72(3) of the Act, "a lawful occupier of land within an area subject to a mineral right shall retain the right to graze livestock upon it or to cultivate the surface of the land if the grazing or cultivation does not interfere with the mineral operations in the area" (SDSG 2011). Interpretation of this provision indicates that preference is given to mining companies rather than community members. Section 73(1) gives an owner or lawful occupier of land a right to claim compensation in monetary form or by way of resettlement from a mining company for the infringement of his or her right (SDSG 2011). Inhabitants may claim compensation for deprivation of land, loss of or damage to immovable properties, loss of expected income (depending on the nature and life expectancy of crops), and loss of earnings or sustenance in the case of land under cultivation (SDSG 2011). The implication of this with regards to CSR is that mining companies could just infringe upon the rights of inhabitants and pay compensation.

Several disputes over land have occurred between AGA and its local communities. In 2009 for example, AGA Iduapriem mine created a rock waste dump around the Teberebie village after the court granted AGA the right to evict the famers and community members (GhanaWeb 2011). When the farmers contested the compensation AGA offered, it responded by employing the police who demolished the village (GhanaWeb 2011).

Some initiatives were introduced by AGA to enhance good relations with its local communities. The Hand-in-Hand programme was endorsed through the Iduapriem Trust Fund in 2012 (AngloGold Ashanti 2012c, 5). It is an alternative livelihood programme which includes an agricultural project that supports farmers with the production, processing and marketing of their crops (AngloGold Ashanti 2012c, 5). It is managed by a community board and steering committee (AngloGold Ashanti 2012c, 5). These two initiatives show that AGA has been attempting to be accountable to its local communities.

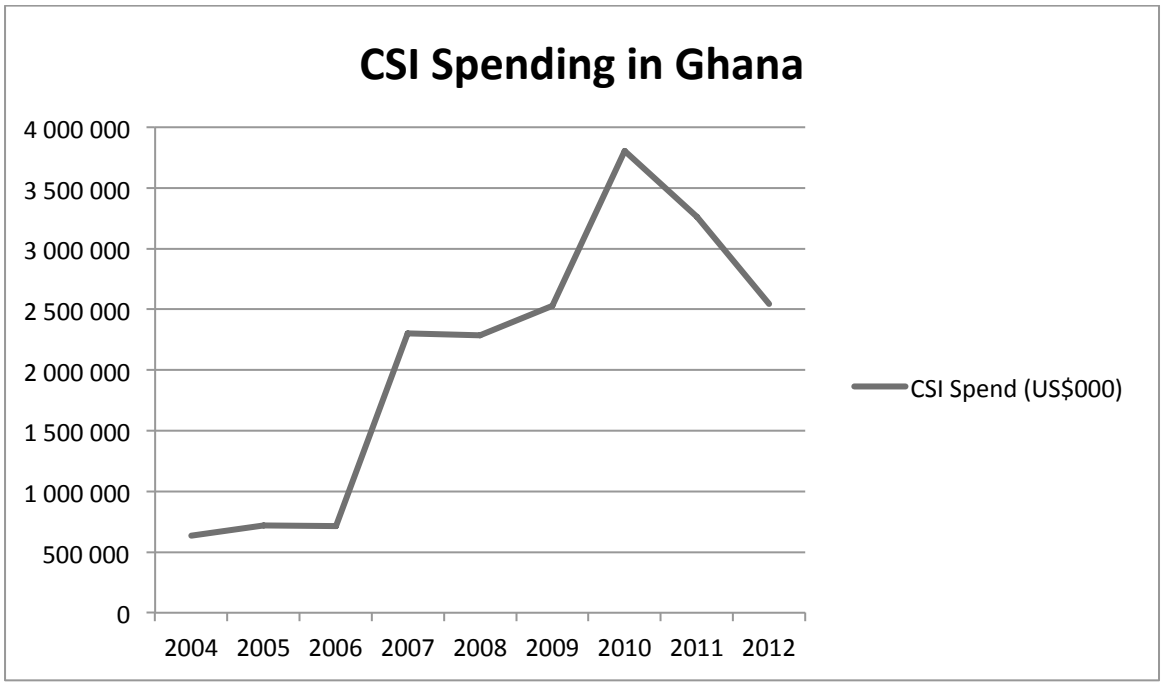
The Act gives a land owner an option of compensation in monetary form or compensation by way of resettlement. No new involuntary resettlements of AGA's local communities took place in 2004 (AGA 2005, C11). Nevertheless, AGA Obuasi mine voluntarily paid more than ¢700 million for affected farmland, properties, and crops in Obuasi and surrounding communities in 2005 (AGA 2005, C11). The voluntary payments by AGA are seen as an initiative to avoid public scrutiny or as a form of maintaining a SLO. A resettlement action

plan (RAP) for the Ajopa project at Iduapriem was established in 2008 to provide adequate resettlement or compensation (AngloGold Ashanti 2008c, 30). The Environmental Protection Agency (EPA) was approved in 2012 (AngloGold Ashanti 2012c, 5). However, AGA's poor compensation practices made it difficult for it to access land – even after the approval of the resettlement programme (AngloGold Ashanti 2012c, 6).

The original draft of the Minerals and Mining Act incorporated a provision that "a holder of a mining right shall in consultation with the Minister responsible for mines provide a percentage of its earnings as may be prescribed by Regulations under [the] Act for community development" (Atuguba and Dowuona-Hammond 2006, 52). There is no reference of this provision in the final Act. Unfortunately, this comes as a major setback for the adoption and implementation of CSR by mining companies in Ghana. According to the Ghana Chamber of Mines, its members voluntarily contribute to the socio-economic development of their host communities according to the availability of their resources (Atuguba and Dowuona-Hammond 2006, 58).

The value of CSR funds in Ghana is not certain. Some mining companies, such as Goldfields, contribute $1 of every ounce of gold sold and 0.5% of pre-tax profits (Boon and Ababio 2009, 4). Other mining companies spend 0.5% to 1% of profit after tax on CSR (Atuguba and Dowuona-Hammond 2006, 52). AGA's spends 1% of its operational profits on social investment (AngloGold Ashanti 2008b, 43). Figure 2 below shows AGA's CSI spending in Ghana from 2004-2012. The downward trend from 2010 may be a result of declining gold production and revenues.

Figure 2: AngloGold Ashanti's CSI Spending in Ghana (2004-2012)



AGA has implemented initiatives to promote community engagement, such as regular meetings with community members (AngloGold Ashanti 2008c, 30). Community members raised concerns related to training for youth, jobs, water, sanitation, health care, micro-credit facilities, and access to farming land (AngloGold Ashanti 2008c, 30). In 2012, the first ever Town Hall meeting with the local community was hosted at Obuasi to discuss matters concerning the community. Although the outcomes of the engagement were not reported, AGA's efforts are important for it to renew its reputation and cooperate with communities.

A malaria control programme was implementation at Obuasi in April 2006 (AngloGold Ashanti 2006A, 122). The programme has been highly successful, achieving a sustained reduction in malaria incidence (AngloGold Ashanti 2011c, 4). For instance there was an 18% reduction in cases recorded at Obuasi in 2011 from 2010 (AngloGold Ashanti 2011c, 4).

A major concern about mining activities is the negative impact that is has on the environment. For instance, it is estimated that 20 tons of waste could be generated from the production of one gold ring (Owusu-Koranteng). In Ghana, cyanide leakages or spillages and waste disposal are a major cause of water pollution. Forestry and environmental protection is regulated under section 18 of the Act. It states that mining companies are required to obtain

the necessary permits and approvals from the Forestry Commission (FC) and the EPA for the protection of natural resources, public health and the environment before undertaking any mining activity or operations.

The FC, which was established under the Forestry Commission Act, 1999 (Act 571), is concerned with matters related to forests and wildlife resources (Forestry Commission of Ghana 2014). The EPA was established under the Environmental Protection Agency Act, 1994 (Act 490) to advise, make recommendations, prescribe, enforce and co-ordinate policies, standards, guidelines and activities related to environmental matters (Environmental Protection Agency 2014).

AGA has not performed well in terms of environmental management between 2004 and 2012. According to an AGA official, AGA is still dealing with old infrastructure after the merger in 2004. It has pegged its failure to comply with environmental law on legacy issues. In February 2010, two Tailings containment of AGA Iduapriem mine were closed down by the EPA because the company's Tailings Storage Facilities had been discharging poisonous effluents into the environment (GhanaWeb 2011). In addition, both Iduapriem and Obuasi mines were rated RED(POOR) for causing environmental and social problems in an Environmental Performance Rating launched by the EPA of Ghana in 2011 (GhanaWeb 2011). AGA undertook to engage with the EPA to remedy the issues (Ghana Chamber of Mines 2011).

Third World Network (TWN), and later ActionAid, raised concerns about the presence of mercury, arsenic and zinc in oranges grown nearAGA's mining operations in Obuasi (AngloGold Ashanti 2006A, 132). A preliminary chemical analysis of fruit (oranges, yams, plantains) grown in the Obuasi region was subsequently commissioned by AGA (AngloGold Ashanti 2006A, 132).

Some initiatives, particularly in 2012, were set up to deal with its environmental mismanagement. For example, it adopted and implemented a mine-wide water balance model at Iduapriem to effectively account for water use on the mine. In May 2012, the first phase of the rehabilitation of 88 manual and four mechanised community borehole systems at Obuasi was completed (AngloGold Ashanti 2012c, 5). Furthermore, the supply of potable water to 28 communities was increased (AngloGold Ashanti 2012c, 5). In June and July 2012, the EPA and Minister of Environment issued enforcement notices indicating zero discharge of process water or any other water from all operational facilities (AngloGold Ashanti 2012c, 5).

This section of the chapter shows that there have been numerous concerns about AGA in Ghana. Its environmental mismanagement has caused damage to forests and agricultural land. It would appear from the number of resettlements made and compensations paid that AGA does not comply with mining laws in Ghana. Its CSR policies and initiatives are implimented after damage has already occurred, rather than put in place to show social and environmental responsibility.

SOCIO-POLITICAL ENVIRONMENT

In this section of the paper, the extent to which local and national socio-political pressure for CSR affects the characteristics of AGA's CSR policies and initiatives in Ghana will be assessed. First, the role of democracy in promoting CSR initiatives will be assessed. Second, the effect of NGO and community activism on the implementation of AGA's CSR policies and initiatives will be discussed. A discussion about the challenges of artisanal and small-scale mining as well as illegal mining will be provided. Finally, a discussion about a draft CSR framework for the mining industry will be provided.

Political Environment

Ghana's socio-political setting from independence to the period between 1978 and 1981 was one of economic decline and political instability, including two military coups (Anyormi 2007, 42). Since independence, the main political themes of Ghana are administrative weakness, personalisation of authority, elitism and civilian activism (Anyormi 2007, 39). Each post-independent regime has called for a transformation of the country but little change has occurred. The government's development strategies continue to reinforce the export of volatile primary commodities (cocoa, oil and gold) to drive economic growth (Anyormi 2007; Economic & Political Intelligence Centre 2014).

In recent years, Ghana has been considered a stable and maturing democracy. For instance, a peaceful resolution in 2013 of the 2012 election dispute between the New Patriotic Party and the National Democratic Congress has reasserted Ghana's democratic credentials (Economic & Political Intelligence Centre 2014). The government has ambitious strategies to transform Ghana's economy. However, its public sector is characterised by endemic corruption and lack of transparent government procurement (Economic & Political Intelligence Centre 2014). Reduced gold and cocoa revenues have weakened the country's public finances, resulting in higher taxation and payment of royalties in the extractive sector. This has caused disputes

between mining, oil and gas companies, on the one hand, and the government, on the other hand over revenue issues.

In the area of sustainable development, government responses to resource issues show a history of political leadership that centralises private economic gain and power interests rather than addressing stagnant development (Anyormi 2007, 40-41). Inefficient natural resource management for development has, for example, resulted in sustained poverty, lack of public health facilities, poor quality education and lack of good drinking water. It is against this setting that MNCs, as political actors in their own right, have a responsibility to contribute to development. It is also within this setting that stakeholders have increasing expectations of them to fill the development gaps left by government through the adoption and implementation of CSR. The role of socio-political pressure for mining companies to be socially and environmentally responsible, stemming from NGOs, mining communities and government in, will be discussed below.

NGO and Community Activism

NGOs and mining communities have campaigned against mining operations in developing countries despite mining's contribution to economic growth. Amongst the reasons are the social and environmental consequences of mining and the failure of mining revenues to translate to development. Ghana is awash with examples of clashes between mining companies and the government, and NGOs and local communities. For instance, community members of Akylm protested against an open pit gold mine project in the Ajenjua Bepo Forest Reserve by Newmont Mining Corporation in 2008 (Ecological Equity). In Prestea tensions arose between community members and Bogoso Gold Mines over damage to homes from mining explosives and cyanide spillages (Greenspan 2012). Community members of Saaman protested against a mining project by Solar Mining due to concerns about its impact on water quality (Greenspan 2012). In all of these examples, the Ghanaian government failed to take action regardless of contravention of national mining policy. In addition, community members have reported that police and military forces employ intimidation tactics (Greenspan 2012). It appears from these incidents that the Ghanaian government values economic gain rather than the wellbeing of the people. Given that the government is failing to protect the rights of inhabitants, local communities in partnership with NGOs are increasingly taking charge of their own welfare. Oxfam America, Wassa Association of Communities Affected by Mining (WACAM) and OECD Watch (a network of over 50

NGOs from 30 countries) are some of the NGOs that are active in demanding CSR in Ghana's mining sector. AGA engages in dialogue with local Ghanaian civil society groups, such as Third World Network Africa (TWNA), WACAM and UK-based ActionAid (AngloGold Ashanti 2006A, 12)

Artisanal and Small-Scale Mining vs. Illegal Mining

The Minerals and Mining Act has provisions for ASM and failure to comply with the provisions will constitute breach and render such activity illegal. Often the difference between ASM and illegal mining (theft and shrinkage) activities is not clear. Compliant small-scale miners are in the minority, causing an inability to distinguish them from illegal miners (Ghana Chamber of Mines 2012, 17). Illegal and non-compliant miners, like some full-scale mining companies, are a hazard to the security, environment, safety and health of Ghanaian communities. The Ghana Chamber of Mine's calls for the government to deal with illegal mining went unheeded (Ghana Chamber of Mines 2012, 17). The illegal activity often occurs on invaded mines, which damages the reputation of mining companies (Ghana Chamber of Mines 2012, 17). AGA defines ASM as "any mining and/or processing activities undertaken by individuals who may have formed a collective or cooperative to undertake these activities. [The] activity is often well co-ordinated, although it may seem informal, and is sometimes regulated by local legislation, though often the activities are unregulated" (AngloGold Ashanti 2012, 86).

In 2011, AGA was adjudicated the Most Irresponsible Company at the Public Eye Awards. The naming and shaming ceremony, organised by the Berne Declaration and Greenpeace, coincided with the World Economic Forum's annual meeting in Davos, Switzerland. The intention of the ceremony was to raise critical issues before the Forum and to stress that social and environmental ills affect communities as well as the reputation of the corporate world (GhanaWeb 2011). A human rights and mining advocacy NGO in Ghana called WACAM nominated AGA for the award for contamination of rivers and wells, for the killing of an illegal miner (described as "Galamsey" operators) and for the shooting of four farmers (GhanaWeb 2011).

AGA's reaction to its Public Eye award was that WACAM failed to contact it for its comment and that the criteria for its nomination were not communicated by WACAM (Ghana News Agency 2011). It believed that its nomination was underserved and that it sought to conduct its operations "in a professional and socially and environmentally sensitive

manner befitting a responsible corporate citizen" (Ghana Chamber of Mines 2011). It believed that, overall, it conducted its operations in this manner and it was willing to have its performance assessed (Ghana Chamber of Mines 2011). Although open to assessment of its performance, AGA argues that any assessment must be conducted in the context of more than 110 years of mining, which involved the use of mining and environmental management methods that do not meet today's standards (Ghana Chamber of Mines 2011). Since 2004, it has made attempts to address the social and environmental legacies by investing $766 million for restructuring aged infrastructure and upgrading mining methods (Ghana Chamber of Mines 2011).

Deaths and shootings

According to WACAM, four farmers were shot and four other people were molested in Teberebie (one of AGA's host communities) by security personnel of AGA and the military acting on behalf of AGA Iduapriem mine in February 2006 (GhanaWeb 2011). The community members were protesting to the creation of a Rock Waste Dump which had blocked access to the farms of Teberebie famers (GhanaWeb 2011). With regards to the death of a miner, it was emphasised in a background discussion about AGA's actions that AGA is challenged with activities of illegal artisanal and small-scale mining (ASM) which causes environmental damage and pose a security risk to the company and local communities and that the killing of the miner was an isolated event. AGA failed to respect the human rights of community members at the time of its brutal actions in responding to illegal mining and access to land for dumping.

AGA reported in its 2007 Report to Society that it experienced an increase in illegal mining. However, it was only after public outcry and increasing exposure of its human rights violations that it took significant action to address these issues.

With regards to ASM, AGA undertook to address ASM globally, and locally with support from the International Council of Mining and Metals (ICMM), the World Gold Council and the Communities and Small-scale Mining (CASM) initiative of the World Bank (AngloGold Ashanti 2011, 36). Although the World Bank suspended its CASM project, AGA continued with the programme independently to develop a definition, framework and guidance for ASM (AngloGold Ashanti 2012, 87). A specialist ASM manager was appointed in the Continental Africa Region (which includes Ghana) to develop site-specific strategies for ASM (AngloGold Ashanti 2012, 87).

To enhance security measures, stakeholders were engaged in developing solutions to promote community-enhanced security and AGA security personnel, public and private security suppliers underwent extensive training in line with the VPSHR (AngloGold Ashanti 2011, 38&40).

In addressing human rights issues, a human rights project team and a multi-disciplinary internal working group were established to support the integration of human rights into AGA's systems and processes, in keeping with the United Nations Guiding Principles for Business and Human Rights (AngloGold Ashanti 2011, 41). This was achieved through the completion of a draft Human Rights Framework in 2012. The executive committee was expected to adopt the policies in 2013 (AngloGold Ashanti 2012, 92). It could not be ascertained whether the policies were adopted as the 2013 Sustainability Report has not been issued. Nevertheless, the draft Framework shows a determination to incorporate human rights into business processes.

Water contamination

Executive Director of WACAM, Daniel Owusu-Koranteng, reported that WACAM conducted a water quality analysis and found high levels of cyanide and other heavy metals in some of the rivers which are a source of drinking water for community members (Ghana News Agency 2011). In 2009, it launched a report which indicated the pollution of 250 rivers in mining communities of Obuasi and Tarkwa (GhanaWeb 2011). As discussed above in AGA's legal responsibility, it has failed on some accounts to comply with environmental regulation. It has taken action to address these issues. AGA maintained that, "In Ghana, significant progress was made in addressing water management challenges highlighted by The Public Eye Award" (AngloGold Ashanti 2011, 18). For instance, a total of approximately $14 million was spent on various water management interventions, which included water treatment technologies and storm water infrastructure to ensure that water released from its mine was in line with Ghana's water quality standards (AngloGold Ashanti 2011, 23).

Proposed CSR Framework

In June 2012, the Ghanaian government announced that it is prescribing guidelines to regulate CSR in the mining industry (Ghana Money, 2012). The Minerals Commission is mandated to develop the CSR framework, which would require mining companies to develop CSR strategies and practices. 10 broad themes underpin the framework: corporate governance

and ethics, stakeholder agreement, workplace and labour standards, human rights, health and safety, environmental stewardship, risk assessment, community and social development, compliance and reporting (AngloGold Ashanti 2012c, 2). The aim of the national framework is to encourage mining companies to contribute to poverty alleviation and local community development.

Chiefs and opinion leaders of mining communities have welcomed the guidelines, calling for speedy implementation of the long overdue CSR guidelines. They believe that mining companies will be more responsible to society and contribute to socio-economic development. Once fully adopted, the guidelines will standardise CSR programmes of the sector and allow formal legislation in the future.

This constitutes both political pressure from stakeholders for government to regulate CSR and political pressure from government for corporations to adopt and implement CSR initiatives.

AGA acknowledged the drafting of the CSR guidelines and viewed them as new benchmarks for mining companies to implement and assess their CSR activities and programmes (AngloGold Ashanti 2012c, 2). AGA reviewed the framework at a stakeholder forum in February 2012 (AngloGold Ashanti 2012c, 2).

CONCLUSION

Two areas that have received attention in Ghana's mining industry is environmental damage and human rights abuses against artisanal small-scale miners, farmers and other local community members by mining companies. AGA has been accused of these acts and stakeholders have put pressure on it to demonstrate corporate accountability. AGA has been called to respect human rights and the environment in Ghana. It is observed that community and NGO activism aimed at raising public awareness about CSR issues has influenced the characteristics of AGA's CSR policies and initiatives. The next chapter will provide an analysis of AGA's CSR policies in South Africa and Ghana. It will compare AGA's activities in both countries and answer the research questions posed in this paper.

CHAPTER SEVEN

ANALYSIS OF ANGLOGOLD ASHANTI'S CSR ACTIVITIES IN SOUTH AFRICA AND GHANA

The purpose of this chapter is to examine how the characteristics of AGA's CSR initiatives are affected by the legal environment and socio-political environment of South Africa and Ghana. This will be done by comparing the findings of AngloGold Ashanti's CSR policies and initiatives in South Africa and Ghana. Though a causal relationship between the characteristics of AGA's CSR policies and initiatives may not always exist, the selected case studies show that there is a relationship between the legal or regulatory environment and the characteristics of AGA's CSR policies and initiatives. They also show a relationship between the socio-political environment and the characteristics of AGA's CSR policies and initiatives.

LEGAL ENVIRONMENT

Both South Africa and Ghana lack a legally binding framework that explicitly refers to CSR. However, South Africa has developed its mining legislation in line with the principles of sustainable development, which are connected to CSR. Mining companies must comply with the provisions of the Mineral and Petroleum Resources Development Act and the Mining Charter. Ghana's mining legislation focuses exclusively on mineral rights and environmental management. However, the environmental management provisions are not linked to sustainable development. Aside from lack of compliance with environmental policy in 2006, AGA's CSR initiatives in South Africa were beyond legal requirements. In Ghana, AGA failed to comply with the Minerals and Mining Act on numerous occasions. What is observed from these differences is that the framing of mining law in line with the concept of CSR or principles of sustainable development pressures mining companies to contribute to sustainable development.

With regards to Socio-economic development and corporate social investment, AGA is mandated to provide them in South Africa. Not only has it complied with the law, it also complied beyond the 1% (NPAT) requirement. What is interesting is that AGA's CSR policy is driving its CSI spend in Ghana since contribution to socio-economic development was only mentioned in the draft framework of the Minerals and Mining Act, but not included in the final Act. It is proposed that the regulatory environment in South Africa is driving AGA's

socio-economic contributions, while AGA's CSR policy and initiatives are driving socio-economic development in Ghana.

AGA's CSR initiatives in Ghana appear to be geared at gaining a SLO rather than meaningfully contributing to socio-economic development. It is inconsistent in its compliance with the law. As demonstrated in the previous chapter, legal non-compliance was followed by provision of CSR initiatives. This tended to temporarily settle disputes with stakeholders and provide AGA with a SLO.

In a background interview about AGA's CSR policy, it was stipulated that the most important determinant of its CSR policies and initiatives in South Africa and Ghana was compliance with national environmental policy. However, this seems to be more applicable in the case of South Africa.

SOCIO-POLITICAL ENVIRONMENT

Both South Africa and Ghana are democratic countries. However, socio-political developments in the two countries have affected the political stability of both countries. Although the actions and demonstrations differ in terms of the drivers, AGA has been affected by socio-political pressure to be a responsible company and contribute to sustainable development of local communities.

The main drivers of political pressure for CSR in South Africa are labour unions seeking higher wages in order to afford better living standards. The protracted strike in Marikana had an effect on AGA's CSR policy and initiatives. First, was the signing of the Framework Agreement for a Sustainable Mining Industry. Second, was the establishment of a Future Forum, comprising union representatives. Thus, labour strikes pressured AGA to incorporate enhanced bargaining processed in its policy and to engage meaningfully with labour union representatives.

In Ghana, NGOs and mining communities have been vocal and active in exposing AGA's environmental damages and human rights abuses. Water management challenges were only effectively addressed after it was awarded the Public Eye Award. Also, it has been proactive in addressing ASM. The finalisation of a draft Human Rights Framework in 2012 and the integration of human rights into its business systems and processes are some of the initiatives that it undertook. Thus NGO activism and community protests have improved AGA's engagement with and treatment of small-scale workers.

Government also played a role in socio-political pressure for CSR. Although neither have materialised, the possibility of nationalisation in South Africa and implementation of the CSR framework in Ghana have been acknowledged by AGA.

CONCLUSION

It is observed that although AGA may have already been engaged in CSR initiatives prior to changes in the legal or socio-political environment, AGA's CSR initiatives either increased or improved when these changed occurred. The analysis has demonstrated that AGA's policies and initiatives in South Africa and Ghana differ. In short, AGA undertakes CSR initiatives in South Africa out of legal obligation. On the contrary, it undertakes CSR initiatives in Ghana as a response to the moral convictions of society or as a form of damage control. It can thus be concluded that the host-country environment is driving the outcomes. To some extent, the host-country environment overrides the impact of AGA's CSR policies and initiatives. Thus, the host-country environment affects the characteristics of CSR policies and initiatives of MNMCs.

CHAPTER EIGHT

CONCLUSION

Corporate social responsibility (CSR) has evolved into a global norm and new patterns of global governance have emerged to facilitate the ability to reach collective decisions on transnational issues. This study has demonstrated that the adoption of CSR strategies, for strategic and normative reasons, in the mining industry has been shaped by broader norms relating to CSR. The industry has had a reputation for the negative social and environmental consequences of its operations and the adoption and implementation of CSR strategies has been seen as a form of accountability for its operations. This paper has also explored the concept of social license to operate (SLO) as a complex, inherently intangible set of concepts, tools, practices and values for the mining industry and stakeholders to earn accountability and credibility (Nelsen 2006, 161). It is based on the extent to which mining companies meet the expectations of civil society; particularly those of local communities. The concept of SLO has broadened the range of governing actors in decision-making processes. Such governing actors are recognised as stakeholders, comprising primary and secondary stakeholders. Thus, stakeholder management, the need for an organisation to govern the relationships it has with its stakeholders, becomes an important tool to address who business is or should be accountable to when implementing its CSR strategies. This paper has explored and discussed the role of intergovernmental organisations, private organisations, governments, non-governmental organisations (NGOs) and local communities in demanding mining companies to show social and environmental responsibility. The pressure from these stakeholders and some leading mining companies has shown that CSR is no longer just a top-down process, but is also a a new mode of non-hierarchical steering and bottom-up process.

The underlying issue with CSR is that more mining companies embrace it as a concept and as an instrument for recognition rather than as a standard to promote responsible behaviours within organisations. The aim of this paper was to explain how and why some MNMCs fail to adhere to their CSR initiatives. The aim was achieved by answering two main questions: first, how are the characteristics of CSR policies and initiatives undertaken by MNMCs affected by the host-country legal or regulatory environment? Second, how are the characteristics of CSR policies and initiatives undertaken by MNMCs affected by local or national pressure for CSR?

A comparative-case analysis of the activities of AngloGold Ashanti in South Africa and Ghana was employed. The argument of the paper was if the company behaves somewhat the same in the two countries, it could be taken to indicate that the company's policy/philosophy is driving outcomes (to some extent overriding the impact of differing host country environments). Second, if the company behaves very differently in the two countries, it could be taken to indicate that the host country environment is driving outcomes (to some extent overriding the impact of company policy/philosophy).

AngloGold Ashanti's CSR values and philosophy were outlined in order to determine whether the local legal environment or socio-political environment drives the outcomes or whether the company's CSR policy drives the outcomes. It was found that there is no legal framework that explicitly regulates CSR in both South Africa and Ghana. The South African legal or regulatory framework for mining largely supports sustainable development – which is connected to CSR – and mining companies are bound to adhere to the framework. The legal or regulatory framework for mining in Ghana inadequately supports principles of sustainable development. Although, mining companies may comply with mining legislation, they fail to contribute to socio-economic development because the law insufficiently supports it. The socio-political environment in both South Africa and Ghana support and encourage democracy. However, labour strikes, community protests and the debate on nationalisation in South Africa as well as community and NGO activism, and draft CSR framework in Ghana have created instability in the two countries. The concept of SLO is important in Ghana where AngloGold Ashanti has encountered operating issues and has a bad reputation. NGOs and communities, by protesting and challenging AngloGold Ashanti, have denied the company a SLO in many accounts. Although, the socio-political environment in Ghana has pressured AngloGold Ashanti to show more social and environmental responsibility, it is insufficient to constrain AngloGold Ashanti's activities as the regulatory environment does not support social demands.

The legal and socio-political environments in South Africa and Ghana have affected AngloGold Ashanti's CSR policies and initiatives. AngloGold Ashanti has been pressured to integrate new policies into its CSR philosophy and enhance its initiatives in line with the legal and social expectations in both countries. The findings of the paper are significant. They help to understand why some mining companies fail to adhere to their CSR policies and initiatives. Essentially, the legal or regulatory environment and the socio-political

environment of a country determine the extent to which mining companies adhere to their CSR policies and initiatives.

It can be concluded that the host-country environment affects the characteristics of CSR policies and initiatives of MNMCs. The findings of this study have policy and practical implications which will better position governments, policymakers and MNMCs to re-evaluate the strategies of CSR in contributing towards sustainable development. It is essential to provide both a legal framework for CSR and a socio-political environment conducive to CSR. Governments and policymakers have an important role to play in encouraging CSR adoption, implementation and compliance by mining companies. CSR is one of the solutions for sustainable development in the mining sector.

This study contributed to existing and emerging literature on the role of MNMCs in sustainable development in Africa. It has shed light on the issues that have prevented widespread recognition of the importance of CSR initiatives in the economic, social and political lives of local communities.

It has been found that there are other areas of research that the paper did not explore. There is a need to investigate how economic conditions or factors of host countries affect CSR policies and initiatives of mining companies. There is also a need to explore how the politics of the mining sector in different countries might assist in clarifying difference in corporate behaviour. Also, a detailed investigation into the role of SLO in encouraging social and environmental responsibility is lacking in the literature. Finally, research in the role of government-company and company-community relations in CSR would contribute to the understanding of bargaining processed for CSR.

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