

**Stakeholder Management at Anglo  
American Platinum: The Mogalakwena  
Mine Case Analysis**

**TGM 515 - Navigating Global Business  
Environments (Asia)**

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**Problem:**

Anglo American Platinum's biggest challenges were stakeholder management, as communities sought mine services, procurement possibilities, and jobs. We must assess the new Social and Labor Plan's (SLP) effectiveness in reducing the disruptive protests around the Mogalakwena mines to expand operations.

**Method:**

Assess Anglo American's new SLP for effectiveness and measure the financial impact. To do this, we take a design performance criteria approach to formulate the useful life of assets.

**Analysis:****Objectives of the SLP**

- Promote employment and the social and economic well-being of all employees and community stakeholders.
- Help revolutionize the mining industry.
- Guarantee that holders of mining rights help build communities where we operate.

**Assessing SLP's Financial Impact**

To maximize the new SLP program's advantages and efficiency, finding a lasting solution with minimal financial implications is a priority. The socio-economic issues surrounding the movements by communities pose the biggest financial implications. This financial assessment is a two-part process:

1. We map the risks, impacts, and pitfalls that could arise that would create financial burden and/or delay the expansion project.
2. Develop possible solutions and continually update the new SLP to make it efficient.

**I. Map Risks and Impacts****Assess Risks and Impact**

The decision performance criteria plan should include the following metrics that account for the risks and commitments made to stakeholders to determine the financial impact:

- 1. Context and baseline summary** - Performance baseline to assess SLP structure's average cost breakdown. Evaluate all sustainable projects eligible for SLP funding and

disburse funds accordingly. Create a support team to handle requests from stakeholders, a community forum team to get feedback, a stakeholder engagement team to organize activities to collect data, and an assessment team to monitor and evaluate progress.

**2. Restrictions and opportunities** - Evaluate commitments made to stakeholders.

Area of Risk	Reasons for Risk & Financial Impact
Land	The costs and restrictions associated with negotiating lease agreements or acquiring property should be considered in light of any land restrictions that would prevent the acquisition of the site for expansion purposes due to its agricultural use or cultural and heritage importance.
Education & Skills	Agreements made to hire a particular percentage of the community to work on the mines, cost for creating and spreading awareness about these programs among youth since unemployment rate is about 50%.
Agriculture	Relocation of communities whose livelihoods revolve around farming would require equally good agricultural lands which is not easy to find.
Housing	Cost complexity in moving communities to replacement sites due to sentiments, economical or livelihood purposes.
Water and Energy	Communities around mines lack the access to quality water and stable electricity in the areas. This could prove to be expensive for Anglo American to achieve.
Other commitments	Agreements made to blast only at certain times; agreements on noise, dust, vibration, and other environmental consequences, costs associated with resources required for expansion, updates to modern and automated equipment for sustainable mining.

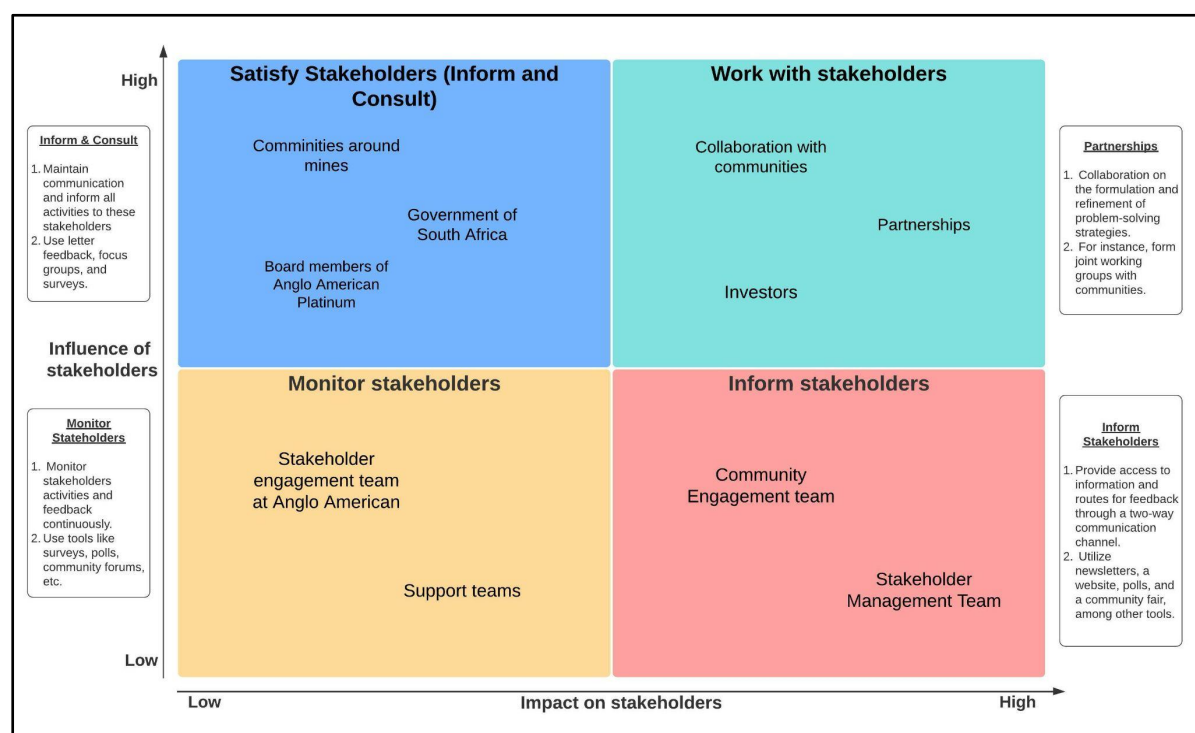
*Table 1. Areas that pose several risk factors, potentially affecting the expansion progress*

**3. Evaluate social and economic criteria** - Budgeting for social performance should align with the Sustainable Mining Plan and the Life of Asset Plan. Include specifics about each individual endeavor and whether they are related to obligations such as permits or other legal requirements. Evaluate any human rights impacts that could potentially create a risk for the firm, like maintaining and upkeep of safety issues, consider the implications of our operations on the community's health, and providing access to good sanitation.

**4. Budgetary & Scheduling Impacts** - Prepare for delays in schedules and budget inflation required in cases of delayed negotiations with the community, government restriction, permission grants, land acquisitions, etc. Expect a budget inflation to upgrade the mining methods to sustainable and modern techniques to reduce disastrous impacts on the environment.

Possible Negative Impact	Description of Impact	Solutions and Financial Impact
Crime, security, and safety	Illegal mining/theft, public liability	Requires investment in good surveillance patrols, parameter fencing and warning signs.
Environmental Impacts	Blast, dust, damage to water quality and noise	Increased funding is necessary to enhance water quality, minimise pollution through modern mining processes, and educate the community about blasting practices, dust and noise monitoring activities, and the grievance mechanism.
Technology	Scrapping traditional mining methods	Requires high albeit, a one-time quality investment in new technologies in mining that reduces the environmental impact.

**Table 2.** Sustainable Mining Impacts and Solutions



**Fig 1.** Stakeholder Map with action points for Anglo American Platinum

## II. Possible Solutions

**Skills Training** - Optimize the training program structure and minimize costs without compromising the standard of knowledge. To do this, Amplats can roll out group training to earn volume discounts, find trainers within the company, host weekly or monthly collaborative knowledge sessions, cross-train employees by giving new roles and responsibilities by starting

a mentorship program, use 2-5% of employee wages towards upskilling, and re-use training materials.

Mitigate the impact of mine closure on employees by providing counseling, incorporating self-employment training into the skills program, training employees in non-mining skills, creating job opportunities for the local economy, and establishing an emergency social plan fund by saving 10-15% of employee wages to distribute back in the event of closure.

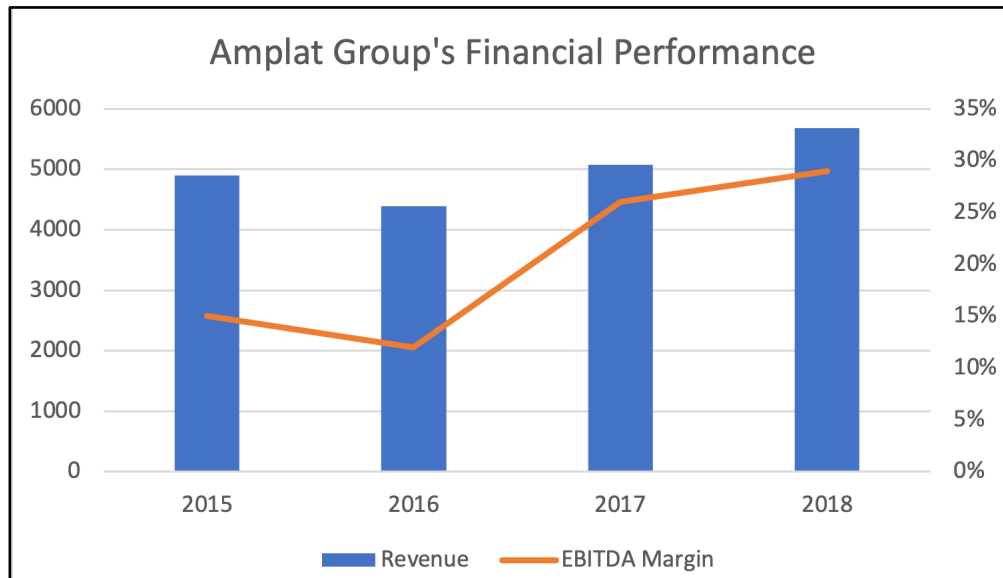
**Community Engagement** - This is a basic forum participation that requires monitoring; we do not anticipate a substantial financial impact. Initiate a community engagement forum conducted by Amplat employees to engage tribal leaders, understand their concerns, and account for their expectations for future expansion initiatives. Conduct monthly and quarterly meetings with impacted, interested, and governing parties to engage stakeholders. This enables stakeholders to raise timely concerns regarding socioeconomic consequences. Non-emergency issues can be researched and documented. To encourage female employment in the mining sector, establish 'Women in Mining' organizations.

**Socio-Economic Assessment** - Prepare an annual budget plan to pre-allocate funds to community initiatives. In this strategy, communities are profiled to finance people depending on target and need. Stakeholders' concerns and priorities are addressed in an annual report issued to local, provincial, and federal governments, non-governmental organizations, and interested parties. Budget control includes efficient spending. For a provision's tax expenditures, efficiency is scrutinized. Forecast budgets for staffing levels, salary, and logistical expenditures such as community participation, monitoring, community engagement forums, technical assistance for relocation plans, and safety and health awareness programs.

**Information Dissemination** - Although there was significant investment in past SLP initiatives, the benefits did not affect the view among the community, as seen by the ongoing mining protests. For the whole community to be aware of these programs' existence, and their accomplishments, funds need to be allocated for creative marketing campaigns.

**Budget Planning** - With future expansion plans, Amplats Group already enjoys profits from its Mogalakwena Mine. From Fig 2 below, we see that their revenue climbed from \$4,900 million to \$5,680 million (2015 - 2018). The EBITDA margin is also impressive and on par with the average profit margin for top-performing companies in the mining industry (~20%). This implies that the funds allocated for SLP must be proportional to the profit margins made year on year, as well as for sustainable mining operation practices. Amplats financial

performance can also be increased through various other methods: raise funds by selling shares of the company, organize fundraising events where all proceeds can be donated solely to the communities. Additionally, it can look for potential investors motivated to invest in sustainability projects and allocate these funds accordingly to finance its social development projects.



**Fig 2.** Amplats Group's Financial Performance (US\$mil) 2015-2018

### **Conclusions:**

We can see from the above financial analysis that the new SLP can prove to be efficient if all these solutions are measured and evaluated. However, it is not without risks and unexpected budget inflations, thus Amplats must constantly analyze its activities to keep the mining operations running smoothly.