

OVERVIEW

Anglo American PLC, the world's largest producer of platinum, began mining in South Africa in 1917. In the early 1990s, as part of the transition from apartheid, the South African government established requirements for mining companies designed to channel foreign investments into in-country development. These included mandates for local procurement and employment. In response, Anglo American began looking for ways to involve local businesses in its supply chain. However, the company quickly realised that local suppliers lacked training and skills, could not access financing to expand or improve their businesses, and were unable to provide the quality assurance that the company required.

Charged with advancing their host nation's social and economic goals but determined

to do so profitably, the company developed Anglo Zimele, an enterprise development investment fund. The program has become famous in the industry because Anglo not only complied with legal requirements, but by supporting local SMEs, created real economic value for its shareholders. Zimele was directly profitable, generating economic returns beyond its own balance sheet. The program allowed the company to increase its supply-chain efficiency, build the kind of interdependence that can reduce risk of mine interruptions or closures, and create broader prosperity in South Africa by catalyzing a network of locally-owned, independent SMEs with a diverse customer base. The Zimele model has been so successful that in 2010, Anglo American implemented a similar local procurement structure as policy for all of its operations worldwide.