

***See what is right ... and be brave***

**Farewell Address to Anglo American**

Nicky Oppenheimer



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### About the Author

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## **Executive Summary**

On 30 November 2011 a Farewell Dinner was held by Anglo American plc in honour of Nicky Oppenheimer. The dinner in Vergelegen, Western Cape, was held to mark his retirement from the Anglo board in April 2011.

For the first time in nearly a century there is no longer any formal connection between the great mining company founded by his grandfather, Ernest Oppenheimer, in 1917 and its founding family at either management or board level. Nicky Oppenheimer used the occasion to reflect in detail on the Corporation's role in trying to shape, improve and change the political landscape of South Africa for the better, particularly during the Apartheid era.

In his address, which is reprinted in full in this Brenthurst Discussion Paper, he explored how the past can and should provide essential signposts for Anglo's future – if it is to continue to flourish and be admired for the exceptional company it once was, and can still be. He cautioned against the 'box ticking' culture that has taken hold in companies more concerned with satisfying Corporate Social Investment requirements than genuinely helping their host societies. Besides profits, companies must aim to make a real and permanent contribution to people's well-being – the abiding business philosophy first articulated by his grandfather and still intrinsic to the family's work.

In recounting its pivotal impact during key turning points in South Africa's political history, Nicky Oppenheimer argues that Anglo – and similarly other major companies – must see what is right, not only for the business, but for the societies in which it operates, and be brave.

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I am going to start tonight with a quote from the Chinese Emperor Tai Zhong who ruled China from 626 to 649:

*With bronze as a mirror one can correct one's appearance; with history as a mirror, one can understand the rise and fall of a state; with good men as a mirror, one can distinguish right from wrong*

I am obviously going to talk a great deal about the past for that is where I come from, but I hope that my observations will not be seen simply as an exercise in nostalgic reminiscence, but an exploration of how the past can and should provide essential signposts for Anglo's future if it is to continue to flourish and grow and be seen, envied and admired for the exceptional company it once was and can still be.

It would be strange if I did not approach tonight with a mixture of great pride tinged, of course, with a fair measure of regret; pride in this great company founded by my grandfather 94 years ago, regret because for the first time in very nearly a century there is no longer any formal connection between Anglo and its founding family at either management or at board level. Today we are simply proud shareholders together with thousands of others.

It is therefore a unique occasion so I hope you will forgive me if I use it to pose a really important question, not only to the Anglo contingent but to all of us here this evening. It is one which I believe is too seldom asked at a time when business and the way it operates is under attack. The question is simply this: is business in danger of losing its moral compass?

It is remarkable that the connection between Anglo American and its founding family endured for more than nine decades during which the whole world experienced change more rapid, more tumultuous, more profound than in any period in its history. Few companies, few multi-nationals could boast that degree of continuity. Am I therefore wrong to believe, as I do, that it was the family connection that gave the company both its moral compass and its longevity?

Success, for companies as much as for nations and individuals, depends critically on how they adapt to the challenges of a constantly changing world. Examples of those that failed to do so litter the landscape like the fossils of dimly remembered corporate dinosaurs. But if mutability is essential to successful evolution, so too is an awareness of and respect for those things which give a company its essential character and sense of continuity.

This is as necessary, I believe, for great corporate undertakings as it is for people; it is, after all what makes us distinctive and it answers perhaps the greatest question we must all ask ourselves: not what we do, but who we are. Forget this and we lose

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that essential link between past and future, and become rudderless easy victims of each passing fad, fashion and concern; for if change is not for the better, we become just as vulnerable to rapid extinction as those who stubbornly refuse to respond to its demands.

To put it simply: if we don't remember where we were, who we are, and what we stand for, how on earth do we know how we got here and, more important, where we are aiming to go?

Anglo's long life has owed as much to a constant awareness of what it was and what it stood for as to its ability, right from the beginning of its long history, to change, expand and re-focus its activities to meet the demands of the time. What it was, its philosophy or guiding spirit if you will, was set by the family and summed up by my grandfather in a quote with which you are all, I'm sure, familiar:

*The aims of the Group have been – and they still remain – to earn profits, but to earn them in such a way as to make a real and permanent contribution to the well-being of the people and to the development of Southern Africa.*

Familiarity, however, should not dull the import of those words or what they meant at the time and I believe should continue to mean today.

It is widely accepted that the Anglo American Corporation which came to dominate the South African business landscape, contributed hugely to the industrial development of this country – not just as a mining finance house, but as a Group which over time played a key role in seeding and growing the ancillary industries and financial services which transformed South Africa in little more than half a century from a largely pastoral country into an industrial powerhouse.

Not as readily accepted or remembered today, however, is what it did and tried to do – in diverse ways, some known, others not – to shape, improve and change the political landscape of South Africa for the better.

When my grandfather wrote those words in 1954 South Africa was not the easiest country in which to do business. The National Party government, elected only six years earlier, pursued a form of ethnic socialism and harboured a deep suspicion of capitalists and all their works. The scurrilous Hoggenheimer caricature of the rapacious capitalist whose prime intention, it was alleged, was to grow fat on the back of the poor Afrikaner, persisted for decades. In fact, long before the ANC's Freedom Charter called for the nationalisation of the mines, banks and industrial monopolies, Dr Nico Diederichs, who was to become Finance Minister, proclaimed that it was his and his Party's intention to take the mines into state ownership.

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It's a piquant thought and one of those ironies that history throws up from time to time that an Afrikaner Nationalist cabinet minister would have found common cause with Julius Malema and his ilk.

It is perhaps forgotten today that the Nationalist Government had a deep and abiding distrust of Anglo American because of what it publicly stood for, so much so that for more than two decades my father did not meet the President or Prime Minister of his own country, this at a time when he was a welcome guest of most of Africa's newly elected black leaders. One of those who regularly received him at State House in Dar-es-Salaam was Julius Nyerere who, as President of Tanzania, led the international campaign against apartheid South Africa. At a time when South Africa was reviled throughout Africa, this anti-apartheid campaigner saw no contradiction in supporting De Beers' 50/50 partnership with his government in the Williamson diamond mine and allowing Anglo engineers with South African passports regularly to visit the mine. Julius Nyerere respected what Anglo stood for and drew a distinction between it and the Government of its home country.

Of course, Nyerere and my father also shared another interest: when they retired to State House the South African capitalist and African socialist would spend their evenings discussing a common love of Shakespeare!

We are all of course children of the times in which we live, constrained to a certain extent by its politics and mores. When the National Party came to power and began to fashion the apartheid state, a South African mining house could not pick up its mines and move them to more accommodating climes. But if it was a creature of its time, it always tried to look over the horizon, to see – and try to shape – a better future; to push against the boundaries of unjust laws and prejudice and, as far as it could, do what it believed to be right.

And so, perhaps more important than Anglo American's undoubted contribution to the industrialisation of South Africa, was its consistent commitment to undermine and erode – where it could – the harsh effects of apartheid, not because it believed that this would in some way improve its balance sheet (mostly, indeed, it had the opposite effect) but because it was the honourable, humane and right thing to do. Its over-riding commitment was to the long-term future of this country and so it did what it could to ensure that future would be better than the apartheid present in which it found itself.

It was this belief which led Anglo American to confront Verwoerd in 1952 with its decision to move away from the migrant labour system and to build permanent housing for all married black mineworkers in the newly opened Free State gold-fields, a move in direct opposition to the Government's apartheid policies and one

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which despite my father and grandfather's best efforts Verwoerd, then Minister of Native Affairs, eventually refused to countenance.

Undaunted, under my grandfather's leadership, Anglo American again took on the Government in the late 1950s. Personally appalled by the slums created by the Government's determination to regard black South Africans in so-called white areas as temporary sojourners, he decided, in direct conflict with Government policy, to instruct Anglo American and persuade the other mining houses to provide funds to build 15 000 homes for those in Pimville and Moroka whom this policy had rendered homeless. That initiative was later recognised by a tower erected as a memorial to my grandfather between the new townships of Zondi and Jabulani.

Anglo American was to return to this issue later through the Urban Foundation, an organisation founded jointly by my father, who became its chairman, and the late Dr Anton Rupert. The Foundation's director, Judge Jan Steyn, publicly stated that its aim was not only to promote community and housing development for black South Africans, in which it was to succeed admirably, but to act as an unashamed and key agent of change and to force the Government to abandon apartheid legislation.

It was the Foundation's work which eventually secured the abolition of those two pillars of apartheid, the Pass Laws and the Group Areas Act and persuaded the Government to accept the need for black home ownership in South Africa's metropolitan areas. I believe the role Anglo American played, which together with De Beers, should be a matter of great corporate pride.

As should be Anglo's steady, principled response to the State's increasing repression of South Africa's citizens during the apartheid years. When, for example, the South African Government charged a very large group of prominent South Africans (predominantly black but drawn from all racial groups) with treason because of their activities in the Defiance Campaign, Anglo chose to support many of them during their marathon trial by offering them employment, largely in the central Anglo mail room. As is so often the case good works have unintended consequences. The then young Bobby Godsell's first task as an Anglo employee was to find out why there were industrial relations problems in the Mail room and why mail was often misdirected or undelivered. Bobby discovered that both problems rested with Anglo's new employees who were, on the one hand, busily unionising the Mail Room while at the same time copying any document they thought of interest to the ANC before they eventually delivered it to Anglo's management!

Throughout the apartheid decades Anglo gave employment to many South Africans who, because of their opposition to apartheid, were subject to various limitations on their liberty. David Adler and Cosmos Desmond are but two of the

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banned to whom Anglo gave permanent employment. The corporation also gave financial support to Mamphela Ramphele's health clinic which she operated when under a banning order.

In the late 1980s, when any citizen could be detained for an indefinite period on the decision of a local police commander, Anglo adopted a policy of retaining detained employees on full remuneration, providing them with legal aid and their families with legal assistance. As you can imagine none of this found favour with the Government of the day.

And for some, such as the son of Anglo's Chief pilot, 'Sport' van Heerden, the help was even more direct and personal. Auret van Heerden was a student leader and anti-apartheid activist in whom the authorities showed a distinctly unhealthy interest so, while the heat was on, my father hid him on the family game farm, Ntoma. This story, I think is interesting also for the personal light it sheds on the often contradictory strands within the broader Anglo family. Auret's father was a close-cropped, clean-cut, straight-arrow pilot, whose opinions were, if anything, on the conservative side. His son, the radical, vocal, long-haired hippie was to him a source of confusion and concern, but also of great, if puzzled pride.

Much the same could be said of Anglo American itself, a far from homogenous company whose many thousands of employees, from mine workers to management, reflected the full range of opinions of the society in which it found itself. Mine managers, to take but one example, tend to be of a distinctly conservative stripe, and yet the company's well-known and often lonely position on the social and political issues of the day engendered a sense of pride, if not always agreement, in all who worked for it.

They understood why Anglo American interpreted what it meant then – and what it still means today – to be a true business leader in the developing world. The corporation's history is replete with other examples, all of them illustrating its commitment to the unwavering belief, articulated by its founder, that business and society are inextricably linked and that neither can prosper alone.

This was why Ernest was a great supporter of the short lived Federation of Rhodesia and Nyasaland based on the ideal of an incremental non-racial franchise. It failed, of course, on the twin rocks of white racism and black nationalism, but a large part of Southern Africa would surely have been a much happier place today with a much more peaceful history if it had been given the chance to succeed.

As would South Africa if the Torch Commando, partly founded and largely funded by my father and led by my boyhood hero Sailor Malan, a onetime PA to my father, had succeeded in its mass opposition to one of the new National Party



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Government's first deplorable acts – the removal of Coloureds from the common voters' roll in the Cape.

That same belief motivated my father when in 1959, a group of MPs belonging to the largest opposition party of the time broke away to form a new party in the cause of non-racialism. Harry, who had himself spent ten years in Parliament as an opposition MP, backed the breakaway party, and continued to fund it throughout his life, as did Anglo American and De Beers. In today's politically correct world Anglo would, for 'good' corporate governance reasons, find it impossible to follow this route, but there is no doubt that it and its Chairman were on the right side of history. Without this moral and financial support the non-racial Progressive Party, represented for thirteen years by the lone MP Helen Suzman, the only voice to speak in Parliament for those whom apartheid would render voiceless, could not have survived.

Anglo American also played a critical role in what is arguably the most important instrument of political change in South Africa in the 1970s – the emergence of black trade unions. In 1974, in a major speech to the South African Institute of Race Relations, my father speaking as Chairman of Anglo, called for state recognition of black trade unions, for other companies to recognise and deal with their representatives and for a non-racial commission of enquiry to review and revise South Africa's labour laws. He repeated these views in his Anglo Chairman's Statement in 1978 when he wrote:

*Trade unions are an integral part of the free enterprise system in South Africa and throughout the West. Those of us who are committed to the extension of this system should see the inclusion of black workers in the trade union movement as a healthy and desirable development.*

It was not an opinion which found favour with Government or other mining companies; neither did Anglo's decision in the early 1980s to increase mineworker's wages far above the industry norm – a move which provoked bitter battles within the Chamber of Mines and very nearly led to Anglo quitting that august body!

When the new National Union of Mineworkers, led by the young lawyer Cyril Ramaphosa, started organising mineworkers in 1983, Anglo gave NUM access to the workers on its mines – something which did not give a great deal of pleasure to other mining companies at the time. NUM was able to recruit and hold meetings on Anglo mine premises and was given office accommodation in its mine hostels. Not surprising then that Anglo's mines rapidly became the most unionised in South Africa or that during the massive trial of strength between management and

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the late 1950s

the union in the 1987 strike, Anglo was more affected than anyone else. It did not enjoy being at the epicentre of the troubles but at Exco meeting after Exco meeting it re-affirmed its belief that despite the turmoil, support for unionisation was the right thing to do. In fact, the three week long strike was a vivid reminder not only of the conflicting interests of management and unions in a market economy, but also the dependency of each on the other.

The most positive result of the strike, therefore, was the development of a code governing the conduct of both managers and unionists which became a useful model for the negotiation of the 1993 National Peace Accord leading in 1994 to South Africa's historic first non-racial general election. Such was Anglo's involvement in that agreement that the Accord was photocopied in Anglo's office around midnight so that it could be ready for signature the next day at the Carlton Hotel.

The road to that election, however, was hardly peaceful; instead it was preceded by a brutal civil war between the ANC and Inkatha in KwaZulu Natal which claimed 40 000 lives. Anglo personnel and the Anglo aeroplane were to play a critical role in bringing that to an end by flying mediators to meetings around the country and eventually flying Chief Buthelezi to Pretoria where he agreed to the constitution a mere ten days before the election.

Equally important to the birth of the new South Africa was Anglo's central role in the formation and the servicing of the Consultative Business Movement in 1986 which eventually was to serve as the secretariat for Codesa and play an important part in the National Economic Forum.

And then, of course, in a less formal sense, but one that was critical in helping to change attitudes, questioning long held opinions, and challenging prejudice among all elements of South African society, from the far right to the far left, was the work done by Anglo's scenario planning team under the always stimulating and engaging Clem Sunter who tirelessly toured South Africa with its findings. His travels included a visit to Pollsmoor prison, at the invitation of its most famous resident, where he briefed Mandela on his scenario for a future, better South Africa!

The guiding principle behind this was my father's belief in a just society. Year after year, from the 1950s until the birth of the new South Africa, in the annual Anglo American Chairman's statement, which uniquely, I think, devoted far more words to politics than to profits, he re-iterated his unshakeable conviction that apartheid policies were wrong, that the safety and welfare of all South Africans, irrespective of race, were inextricably interwoven and that black South Africans could not be denied rights of citizenship in the country in which they lived. And once again in 1980 he wrote and I quote:

Anglo gave employment to many South Africans who, because of their opposition to apartheid, were subject to various limitations on their liberty.

*racial discrimination and free enterprise are basically incompatible; failure to eradicate the one will ultimately result in the destruction of the other.*

So when President Vorster once sneeringly asked a journalist ‘how many votes has Harry Oppenheimer?’ he may have missed the point. No man in a modern democracy has more than one vote; but a man – or indeed a company – can, when powered by beliefs and principles, be a positive agent of change, in a way which good governments welcome – and bad governments fear.

Another major agent of change was, of course, the Anglo American Chairman’s fund. Created in the 1950s, its prime objective was to support any cause that was socially constructive. In effect it meant helping disadvantaged communities suffering under the yoke of apartheid. The Fund and the Chairman’s Fund Educational Trust, together the largest source of private sector philanthropy in South Africa, were expanded and re-organised in 1973 to become a full Anglo American department under the directorship of Michael O’ Dowd and later Margie Keeton.

Funds were divided between general donations and special projects, including the Soweto College of Education – the first of its kind for black teachers in South Africa, the Mangosuthu Technicon, the first black – now non-racial – technical university, the All-Saints College at Bisho which pioneered multi-racial education, non-racial residences at South African universities, for technical high schools, largely for black students, and funding for academic support and teacher upgrade programmes for students from disadvantaged communities.

Among other major donations during the apartheid years, the Fund also built health clinics in rural areas, supported the training of community nurses and funded the Flying Doctor Service in Southern Africa. It helped people with access to much needed legal advice through the Legal Resources and promoted practical initiatives to address urban poverty at the Urban Problems Research Unit at the University of Cape Town. In later years it helped to found and support the Private Sector Investment Trust and the Business Initiative for Job Creation.

Today it is widely honoured as the oldest, the biggest and the most effective charitable fund in South Africa – an achievement of which we can all be proud.

Charity, of course, is not a word we readily use these days, even less do we refer to philanthropy. I find this puzzling – for charity is simply an Anglicised version of the Latin *caritas* – meaning love; and philanthropy derives from the Greek for ‘love of one’s fellow man’ – something which is surely central to our life on earth for it defines our humanity.

The new National  
Union of  
Mineworkers, led  
by the young lawyer  
Cyril Ramaphosa,  
started organising  
mineworkers  
in 1983

Instead today we prefer the cold and slightly off-putting term corporate social investment, implying as it does that the corporation sees it as an investment on which it expects some kind of return, at the very least, in public esteem. CSI – and the abbreviation, I suggest, tells us much – is now part of the ‘triple bottom line’ in company accounts, a required entry, subject to the box ticking beloved of accountants, designed to smooth the path for business and achieve acceptability and respectability in the various social and political environments in which it has to operate.

Perhaps the key distinction, between philanthropy and corporate social investment, however, is that more often than not charity does not seek publicity to make it real. Indeed, I remember the battles we had with a very reluctant Michael O’Dowd to persuade him that the Chairman’s Fund should be mentioned in the annual Chairman’s Statement – if only for the highly laudable aim of highlighting the apartheid Government’s failures.

This sense of wanting to do the right thing – not to polish our image, but simply because it was right – informed Anglo American from the outset. And people knew that. It was this knowledge which, I suggest, led Nelson Mandela to the Anglo chairman’s office in search of funds for the ANC in 1961 a few years before he was imprisoned. I am sure that when he made that visit, Mandela had no particular liking for Anglo, but he came because, like everyone else, he knew what it stood for. He understood what others have realised down the years, that if you came seeking, not personal advancement or enrichment, but in the cause of a public good, you would always get a hearing at 44 Main Street.

My father would later recall his overwhelming impression of the young Mandela’s impressive size and imposing personality. Within days of his release in 1990, Mandela sought my father out again and this was the start of a friendship which lasted until my father’s death, when in his eulogy Madiba with typical grace included him and I quote:

*in the gallery of South African patriots who have worked to build and develop our country, fought in a particular manner for those who suffered for justice and freedom and whose support for democratic and philanthropic causes was always without hesitation or reserve.*

I do not want to leave you tonight with the impression that what came to be known as ‘the Anglo way’ was created by one man, imposing his will on his colleagues. In boardroom discussions which during the apartheid years often devoted more time debating what was right rather than what would make the bigger profit,

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decisions were achieved by consensus. Neither, however, as I have said, did Anglo’s philosophy always and inevitably reflect the private views of everyone in either its management or the wider work force. Many I suspect probably voted for the government of the day. But despite their private political views, they all seemed to share a pride in belonging to a company that stood for more than money.

If the definition of a company is a group of people gathered together for a joint commercial purpose, the definition of a successful company is surely one that develops what one might, not too fancifully, call a corporate soul. This is much more than the sum of its many and varied parts; it is the ethos that drives it and makes it special.

In a world of global markets and ever-increasing global competition for ever scarcer resources, as companies merge and dissolve to emerge again in another guise, and count their success in today’s market price rather than in their long-term commitment to the business they are in or the countries in which they operate, I wonder if something very precious has not been lost along the way – the ethos that became, as it did with Anglo, part of its DNA, that made it distinctive and valued, an essential, creative and sustaining part of the countries in which it found itself? In a company whose assets and investments stretch around the globe, is a moral compass now more necessary than ever?

Ticking boxes to ensure that a company complies with the latest corporate social investment requirements may satisfy accountants, but in its obsession with procedural compliance it feigns, but seldom persuades, that it has a real enduring commitment to help the host society resolve its problems.

Indeed, on occasion, apparent CSI compliance in difficult and challenging political environments may have more to do with winning the approval of a host government, becoming an instrument of government patronage, rather than addressing the real needs of society.

In a world of dizzying and chaotic change and at a time when some aberrant forms of contemporary capitalism are themselves under scrutiny and new competitors, with few scruples but very deep pockets, scour the planet to supply their needs, I believe that only by re-examining the way we do business today will we meet the challenge and eventually, for the best of reasons, secure a real competitive edge. To ensure our future we need to revisit our past, re-discover in our DNA that which made us special: a real, deeply felt and enduring commitment to the success, not only of ourselves but also the people of the countries in which we do business and who, when all is said and done, are responsible for our success and sustain us in our endeavours.

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This has become even more pertinent and urgent with the recent announcement of Anglo's acquisition of the Oppenheimer shares in De Beers, another company led by the family for the last eighty years.

Here I feel somewhat like the hero in *The Importance of being Ernest*. By retiring from the Anglo Board and now selling our stake in De Beers I have lost both my parents – as Lady Bracknell commented, 'to lose one parent may be regarded as a misfortune; to lose both looks like carelessness'.

I do hope Anglo understands what they are buying. De Beers is not just the greatest diamond mining and marketing company in the world it is also a company driven by the requirement to live up to diamonds. Diamonds are not a commodity, as Cynthia has said, but a gift imbued with deep emotion.

Every decision at De Beers has to be tested against the need to live up to diamonds; it is our control of error. Anglo has now bought into this not just in De Beers but across the whole group. What happens in coal, iron ore, platinum, copper or whatever will have to meet this test and that is the greatest asset Anglo is acquiring.

We at De Beers have tried to be vigilant guardians of the diamond and I believe that vigilance is reflected in the strength of the diamond market today. If the commitment to do what is right and honourable is important across the business world, in the diamond world it is the absolute essential ingredient for success and so it will be for all aspects of Anglo in the future.

So, my final words to you tonight are to remember the history of this great company, and, recalling the wise words of Tai Zhong, look in the mirror provided by its founders, see what is right – not only for the business but for the societies in which it operates – and be brave!