

Showcasing the Bench Marks International Conference

3 - 5 June 2008, Cedar Park Conference Centre, Johannesburg, South Africa

Conference Report

Aims of the Conference

The aims of the Showcasing the Bench Marks Conference were to:

1. Create a platform for sharing local and international experiences of monitoring multinational corporations and their corporate social responsibility (CSR) programmes.
2. Introduce and make a call for a Church Leaders' Code on socially responsible investment (SRI).
3. Share experiences on the use of the *Bench Marks Principles for Global Corporate Responsibility*, examine how this tool has successfully been used in South Africa and beyond and identify gaps within the tool.
4. Launch the Bench Marks Foundation's major studies on CSR in mining, and make a call for Mining and Community Engagement Principles.
5. Discuss with financial institutions their SRI criteria and how these can be improved upon.
6. Bring together the founding Bench Marks Foundation members, hold an AGM and elect a new board of the Bench Marks Foundation.

Introduction

The Conference had a number of key outcomes:

1. A call for a Church Leaders' Code on SRI to be developed over the next 18 months.
2. The promotion of a set of Mining and Community Engagement Principles to govern how mines relate to communities.
3. The beginning of a process to improve working across borders. This involved a review of the Bench Marks tool and how it can be used more widely.
4. Encouragement of a more robust debate with financial institutions on ethical investment practices.

Attendance

The Conference brought together a number of South African church leaders, church leaders from Burundi, Tanzania and Botswana and a number of Southern African ecumenical bodies. It also brought together a number of the international steering group members of the Bench Marks, SRI organisations from the UK and a representative of the Johannesburg Stock Exchange SRI unit; local and international donor agencies, environmental groups, community based organisations and mining and financial business leaders. In total there were 75 accommodated delegates for the three days. There were over 200 people present on the second day for the release of the mining studies where press also attended.

Day One - Tuesday 3 June 2008

Opening Address

The Conference was opened by the Rt. Rev. Dr. Jo Seoka, Anglican Bishop of Pretoria and Chairperson of the Bench Marks Foundation. He welcomed delegates and stated that he was mindful of the fact that the workshop was being held at a tragic time in South Africa when the issue of xenophobia had reared up in such an appalling manner. He appealed to the South African government to listen and talk to immigrants and deal with the plight of people who have suffered as a consequence of an ineffective refugee policy.

He noted that the Bench Marks Foundation had come a long way in meeting its mandate in a short space of time. An ethical mining network covering five Southern African Development Community (SADC) countries and an African roundtable on retail stores covering 10 countries exist. In-depth research into mining started with platinum mines in Rustenburg in the North West province of South Africa, which influenced statements some mining houses made in their annual reports. However, these mining houses unfortunately did not integrate what they were saying into their practices. Research covering Malawi, South Africa and Zambia were to be examined during the course of the conference but it was as crucial to hear what was happening in other African countries to create synergy and work as a collective.

He stated that the aim of the first day of the workshop was to create a platform for the exchange of international global corporate social responsibility ideas. On day two the Bench Marks studies (the Policy Gap 2 and Policy Gap 3) on CSR in the areas of gold, platinum, copper and uranium mining would be launched and on the third day the SRI criteria of financial institutions in South Africa would be examined.

Introduction

Mr. John Capel, Director of Bench Marks Foundation, gave an introduction to the Conference. He gave an outline of the first day's programme and stated that the essential task was to re-examine the Bench Marks Principles, to look at what the gaps are and to then start a broader discussion on refining the principles. This discussion would be continued through email and then taken up at the world social forum. The Bench Marks Foundation needs to promote the tool to other interested organisations in the sub-continent to encourage better and wider use of this tool by community organisations and others.

John also explained that each day of the workshop would work independently of the previous day. The first day of the workshop had a select group of participants to enable learning and sharing of experiences.

A representative from Malawi said he will contribute a brief write-up of experiences in Malawi to the workshop and it was then decided by the workshop that representatives from the other countries do the same.

Working across Borders - Sharing of International Experience

Presentations were made by:

- **Suzanne Ismail** - a researcher for the Ecumenical Council for Corporate Social Responsibility (ECCR) in London.
- **Dr Harry Van Buren** - has worked on the first round of the Bench Marks Principles when he just started at the Interfaith Centre on Corporate Responsibility as an intern. He is currently teaching at the University of New Mexico's Anderson Schools of Management.

- **Amanda Young** – a senior SRI analyst working in the SRI Unit at CCLA Investment Management.
- **Kato Lambrechts** – a senior policy officer on governance and economic justice for Africa at Christian Aid.

Following is a brief summary of the presentations. Copies of these presentations are available from the Bench Marks Foundation office.

Suzanne Ismail

- ECCR researches corporate responsibility behaviour within their member churches as well as companies. It engages members and other investors to understand more about the behaviour of companies and encourages members to engage in dialogue with companies.
- The research conducted by the ECCR is informed by issues raised by members and members of the board and also research into particular sectors of the economy. For instance, ECCR has done research on the use of water resources by food companies in the United Kingdom.
- International links help to strengthen engagement by informing the work done and by explaining why the work should be undertaken and the lessons learnt.
- ECCR is aware of the fact that desk-based research does not capture the actual impact that companies have on communities. Strengthening community links is crucial and working across borders is particularly important in helping with ethical investment choices, particularly with so many companies operating on a number of stock exchanges. In this way ECCR work helps communities to have a voice.
- There are a number of challenges in ECCR's work, including having no direct involvement in issues, resource intensive co-ordination and finding information on case studies.

Dr Harry Van Buren

Dr van Buren started his input by reading out a message of solidarity from Reverend David Shilling. He also made the following points:

- The ICCR has worked with the Bench Marks since 1994. ICCR was born in the 1970s out of the anti-apartheid struggle initiatives and the General Motors campaign. The ICCR is successful in challenging church members by organizing around a discreet set of issues, for example, the issue of sweatshops.
- A human rights assessment tool was developed from the Benchmarks tool because corporations are good about talking about values but not so good about improving their performance.
- ICCR focused on the oil industry in the United States. As far as CSR is concerned, issues are similar the world over, for example mining communities in the United States are similar to those in South Africa and other African countries and so for instance the Benchmarks environmental extraction section is good and the entire Benchmarks document. The issues of poverty alleviation and global warming are universal and so greater collaboration is critically important.

Amanda Young

- CCLA was established as the Church of England's Investment Office in 1958. It is a specialist fund manager of c£5bn not-for-profit money and the largest charity fund manager of a number of clients in UK.
- CCLA manages £2 billion for the Church of England. The money belongs to over 13,000 church charities, parishes, cathedrals, schools and trusts.

- CCLA's investment principles are entirely aligned with the values and beliefs of the Church and we represent the concerns of Church investors when a company's activities go against the Church of England's mission and teaching.
- CCLA's unique ownership structure, with Church of England investors as the largest shareholder, means we are a very different fund management company. CCLA's Socially Responsible Investment team co-ordinates the work of the Ethical Investment Advisory Group.
- The aim is to help investors integrate consideration of environmental, social and governance (ESG) issues into investment decision-making and ownership practices, and thereby improve long-term returns to beneficiaries

Kato Lambrechts

- Christian Aid's task is to essentially watch and monitor and then work with codes, including the UN Global website, to engage corporations. Christian Aid does not have confidential consultations with corporates, unlike other organisations.
- For Christian Aid engagement with legislation is extremely important, especially in developing countries where the legislation on tax, labour and environment is not in place. A good example of this is allowing mining companies to be exempt from national mining law where this does not go through the parliaments and the issue is out of the reach or knowledge of the public.
- Christian Aid sees as its role campaigning for international standards and finds it useful to engage with the UN to set legislation for multinationals and their operations. But in setting international standards the UN also does not talk to the people they should be talking to. The discussion for Christian Aid is to balance human rights with company rights. International accounting standards should be set in place because the money lost through avoiding tax regimes far outweighs the profits or benefits to a country.

Discussion and Comments

The conference was opened to a fifteen minutes discussion from the floor. Comments included:

- A projection of the profits and benefits weighed against the actual cost of mining to a country should be done and this information made public before the start of a mining operation.
- Mine safety and environmental impacts can be negative and then have a cost penalty.
- Corporations can be rewarded for good behaviour.
- Different state departments should show the real cost to the community before a mining operation starts.
- It is an oversight to only have a corporate focus, what about a course of action to hold governments to account.
- Civil society, empowering local communities is a key component in CSR work.
- The ICCR have started talking to governments.
- There are a number of initiatives that hold companies to account, example the UN Global Compact and the Extractive Mining Company Industries Transparency Initiative which asks for disclosure.
- ICCR has certain sets of rules and regulations on how to deal with corporations and their major work is dealing with corporations. Also of issues related to trust with corporations. Struggle with confidentiality issues.
- ECCR done a lot of work with governments to try and handle the companies in the UK but this does pose a challenge. Do not like to talk to a government without a directive from the community. Do not talk to UK companies about disclosure, not key area of work but do think it is important.
- Christian Aid Costing is very good but need to discuss methods because difficult to quantify.

- Need to look at private banks to do some of the CSR work, for example the development banks are a useful group to use to get successful issues into planning.
- There is a dire need for more accountability from countries on mining companies.
- There was a strong suggestion to have a specific Africa Forum to deal with this.
- The meeting was informed that there is a framework that informs mining across Southern Africa in all of the SADC countries. The community forums have created links with a number of communities, e.g., Rustenburg.

The conference then broke up into group discussions to discuss how to use research to achieve international solidarity

Group 1 reported back with the main points listed below:

- Lack of data collection.
- No disclosure.
- Reporting on social performance superficial.
- Policies adopted biased and local specific.
- No consultation.
- Concealment, evasion and avoidance.
- Lack of collective cooperation and so no proper impact was made.
- Failure of government to take responsibility.
- Corporations choose soft targets.
- Local laws not enforced.
- Inadequate systems in place.
- Theology of social responsibility not well developed, churches have own problems. Companies often operate in corrupt environments.
- Communities are ineffective.
- Churches are asleep and turning away from activism.
- Media has a huge potential, but not a well tapped resource in UK.

Group 2 reported back with the main points listed below:

- Information exchange needed.
- Need for central database in region with funding opportunities shown, best-case scenarios, debate by activists and experts, list of experts listed.
- Need tool to measure social responsibility practice.
- Local communities need to be reached through different methods of dissemination so they can take action.
- Need to engage with members of parliament and other like-minded African organizations e.g., the one in Accra.
- Greater co-ordination of research is needed and there is a need to streamline research. Develop method to penalize extractive industries.
- Need tool to assess environmental degradation.
- Need for a regional coordination very great and urge Bench Marks to continue to facilitate the networking.
- Focus should be to develop good legislation and work with Government to enforce legislation instead of spending time trying to quantify costs.

Group 3 reported back with the main points listed below:

- Those that rely on research need to set criteria, e.g., acceptable compensation for loss of homes.
- In using research to achieve international solidarity there is often a struggle in looking for opportunities to use research because of inadequate co-ordination between local organisations and communities.

- A particular organisation or group brands research, and the branding prevents it being used more widely.
- There is a need to always find out what are really the issues in communities.
- Information needs to be made more available in the networks.
- Focus of the research is also to be used in a Pan-African context within the different countries and that countries should know what is happening in each other's countries.
- Being able to share research and increase solidarity and the impact of lobbying should form more alliances which adds to value.
- There is a need to ensure that many of the countries adopt some of the same strategies used in South Africa for example, the Access to Information Bill.

A **plenary discussion** was then held with the main issues listed below:

- Need to find a way to deal with companies who question research.
- In South Africa the term 'community' has being stolen by mining groups.
- In South Africa, African communities are only communities, but in white communities there are individuals.
- Communities need to know what action they can take to hold transnational companies accountable.
- A mining project always hurts communities and yet it is portrayed as a benefit to communities.
- Western standards should not be used to judge quality of life issues and more suitable quality of life standards and indicators should be used in the Bench Marks Principles.

Discussion: The Bench Marks Principles

The main points that contributed to the discussion on the Bench Marks Principles tool included:

- There are a lot of issues that affect communities, so it should be structured differently when dealing with communities.
- There is a serious problem with the conceptual outline of document. The yes or no options are limiting. A research approach used should be inductive in its research methodology and then link the answers to the principle. However the document starts with the principles and this is a limitation in the analysis. The document needs to be restructured in a more useful way. The needs of communities globally should be re-examined for the document.
- A section needs to be included dealing with government responsibility or the lack thereof.
- Further refinement is needed on financial and ethical integrity. A section on the reporting of remittances made to communities, central and local government needs to be included.
- In the basic reporting standards for a company, a section should be included that will prompt closure of the commercial contracts signed which override national law and disclosure of the length of time of the stability clauses agreed to.
- Local supply chains that develop local economies are an issue in the retail industry and this should be included.
- Climate change should be added on.
- Gender should be included but not as a separate issue.
- Page 17, Point 1.5, Paragraph 5 is a really contentious issue and at present it is not clear what is meant, it could mean that the mining company should employ its own militia, this paragraph should be carefully redrafted, for instance with Ashanti Goldfields in Ghana the perception is that the government is complicit in the killing of community people and in Zambia the perception is people are being killed by the Chinese militia.
- There is an expectation every time the tool is used and particularly when it shows up such serious violations of corporate social responsibility practice that some action should be taken. This has to be looked at, because there is a problem with constantly generating bad practice reports and no action is taken. How do we use the tool for action?
- There is a toolkit available from Christian Aid on Action.

- The document should be changed to deepen the analysis, for instance more can be added on climate change and in South Africa the degradation effects that mining has on agricultural and in particular the issue of water; agricultural deepwater being allocated as grey water to mining.
- The UK has new legislation on climate change obligating companies to report global gas emissions and the Bench Marks document should be brought up to this standard.
- Mining needs to do a cost accounting of the use of community clean water and clean air.
- How does Bench Marks tool link to other global tools?

Closure of Day One

John Capel then ended the session by saying the process will be carried forward by all the points being captured and sent to international steering group members to start an email discussion on how to take the discussion forward and when to meet in the future.

Day Two – Wednesday, 4 June 2008

Opening Address

Bishop Jo Seoka opened the day and outlined the reports that will be released. He mentioned the studies connected to the work done in Copper in Zambia, Uranium mining in Malawi and Platinum, Coal and Gold in South Africa. He then welcomed the business community and said that the day is to exchange ideas with the business community.

He welcomed everyone to the conference and indicated that a file of press clippings is available and an exhibition that everyone is welcomed to view. Guests from Africa, including Burundi, Europe, the US, the SACC, the Ecumenical Justice Groups and the Mining Executives and the National Business Initiative present were all welcomed.

The Bishop said the conference is being held at a critical stage in the state of the country's economy, but it is an opportunity for delegates to learn together. A minute of silence was kept for those killed on the mines and for those facing xenophobic violence, those dislocated, displaced and resettled in remote camps. He said the uprisings are because of socio-economic reasons and wrongly directed. A lack of services provision is the cause.

Studies launched from reports in Zambia, Limpopo and Malawi will show mental health problems related to mining, with the breakdown of family and the traditional way of life and that alcoholism and sex work are rife in mining communities. Corrupt government officials are bought off by mining bosses. Communities need to be consulted and not just informed of the decisions taken and after the fact. Sustainable communities are promoted by Bench Marks although this seems like a pipedream for mining communities. Health and safety issues are serious on mines. It is hoped that the mines will take the critique seriously and do something about it. Anglo-Platinum responded in their Annual report but mining changes that should have happened have been ignored. The black owned mines do not show any new behavior patterns but are also part of the exploitation.

Keynote Address

Christine Jesseman from the Human Rights Commission spoke and indicated that her brief was to give a talk on labour and mining. The Human Rights Commission monitors compliance by business to the constitution of the country and attempts to make business recognise the connection between the state, the community and business and the constitutional framework within which all of this operates. The concerns of marginalised communities are taken into account and attempts are made to persuade business to build community goodwill and show that

a corporate presence can be a benevolent presence. The work of multinationals across the borders of South Africa is also observed. The Human Rights Commission adopts a rights-based approach to human rights.

Input by Researchers

Prof. Freek Cronje gave an input that dealt with the legislative framework in the different countries. Prof. Cronjé is currently heading the Department of Sociology at the North West University, Potchefstroom Campus. His research speciality falls under the umbrella of Sustainable Development, especially the fields of Migration Studies and Corporate Social Responsibility (CSR). Cronjé is being contracted on the Bench Mark project as specialist researcher; he is also contracted to oversee the scientific editing of the research process. Prof. Cronjé was the head researcher on the Zambian project; he personally visited Zambia on three occasions to complete the research. With his team, they came up with a critical and analytical report regarding the CSR issues in the Zambian mining sector, and also in an innovative manner, integrating some of the Bench Marks criteria and principles. If some of the recommendations from the report are being implemented on the side of government and the mining companies in Zambia, the sustainability of the sector, including meaningful community development and engagement, will certainly realise. This report was very well received at the Conference by the Bench Marks Board, representatives from Africa and abroad as well as by the media.

Mr David van Wyk, who did the research on mining in South Africa gave an input that included the following points:

- Anglo Platinum's corporate social responsibility report is very good. Implats also reported well, however the other empowerment companies' reporting is appalling according to Benchmarks standards.
- Some of the issues the research covered include: land, housing, employment, poverty, water, representation, consultation and community structures.
- Mining takes up huge amount of space for prospecting and leaves behind a huge amount of mining waste that communities can do nothing with. No growing and no herding can take place. The South African constitution does not talk about surface land although the Richtersveld court case that was won by the community stated that the land belongs to the community including the minerals in it. Mining rights however, are sought from government. Restitution gives back land but the land is taken away for mining. Communities are then brought in as shareholders to compensate.
- There is a problem with civil society groups that do not want to help white farmers when prospecting takes place on their land, they only want to help black communities. There is also differential treatment by mining companies and other powerful stakeholders between black and white communities a black community is viewed as a community but within white communities there are individuals and this directly affects how compensation is paid. Dealing with a particular instance in terms of 'community' instead of 'individual' also does not recognize the specific individual needs of individuals within that community. It was noted in the Action Aid Report on Anglo Platinum that community members are not being adequately compensated to the current market value of the homes, so individual community members suffered real and serious financial losses through the relocation process.
- Customary ways of living are not taken into account when relocating people to new housing. The use of former migrant workers as sub-contractors was a cause of xenophobic attacks in communities.
- Most unskilled workers are Africans and at senior management level there is a preponderance of white males. The uranium sector is 100% white male. Mining houses do not employ community members and there are also no training programmes. Many of the local youth do not have a basic education level and get employed at the gate or as gardeners and this is very insecure work.

- There is a need for mining houses to employ social scientists that can study a communities' social and cultural composition, because perceptions that mining houses may have around the issue of what constitutes poverty have far reaching consequences on their social responsibility behaviour and actions.
- South Africa should weigh the value of mining against the direct environment costs for the country, for example, South Africa is a water scarce country and the rivers are rapidly being polluted by mining waste, animals are dying and people are getting sick. An important question that should be answered is why there are so few instances of environmental consultants recommending that a mining project should not take place. A fund should be created for independent assessments of mining companies and environmental reports.
- People should have a choice of their own legal representation that is not paid for by the mines as this has influence on the legal outcomes of the case.
- Community consultation meetings are not always properly held and quite often do not have the men in the community present, because they are away at work and this has dire consequences for any decisions made.
- A serious issue also is that South African law does not require consent of communities but only an indication of a meeting held and this often can mean that a license is issued on a fraudulent basis.
- Local and Provincial Governments do not inform people that the law allows a land administrative committee or communal property association to be formed and these may be better options for the community if set up with their own community fund than a Section 21 company. This is a serious issue because if a community does not have a legal structure you can bypass their rights.

Questions and Comments

- Humphrey and Lucas who are part of a community mining forum did some research on Impala Platinum operations in their community and reported that mining houses are confusing the allocation of farms through incorrect procedures. Impala Platinum bought a farm for 7.5 million but the community was never consulted. In a particular area, signatures were copied, including the Chiefs signature by government officials in the department. Members of the community have no resources to check on this. The environmental management report is forged. On another project, water is supplied to the mine but the community does not have any water to drink. All documents are kept in the offices of the Department of Minerals and Energy and nothing is kept by the community structures. The new houses are all built on silts with cracks in the walls.
- Lucas from Rustenburg addressed himself to the issue of the Royal Bafokeng Nation and said that all the farms are individually owned and were claimed in 1998. In September 2006, a Trust was formed with a sole trustee despite community opposition. Mining activities have been taken over by a Trust and the community does not receive any benefits. The mining has had dire effects on the overall well-being of the community. The community spoke to the mining house and the answer was that the community does not belong there.
- *Business Report* asked how can community consultation be improved upon to avoid fraudulent action by the mining houses and how can the companies be prevented from creating elites in communities by excluding the rest of the community?
- *Business Day* requested that the process of community consultation be explained.
- *Radio Channel Africa* and the *SABC* asked why the mining houses still have hostels in the Free State Province.

Answers to the Press

- The South African Constitution recognises individual and community rights but within this there are two forms of authority in the rural areas of South Africa, the Local Government Authority and the Traditional Authority, i.e., the Chiefs.

- The issues of when meetings are held, how representative the meeting is of all the stakeholders and the power relations between community representatives and the experts present are some of the dynamics affecting the community consultation process.
- The Mining Charter is in the process of phasing out all the hostels around the country with the assistance of bank loans but this also feeds into the issue of xenophobia because the government is seen to be favoring the foreign nationals.

Mines and Community Engagement Principles

A panel discussed principles for the engagement between mines and communities. A list of panelists follows with brief summaries of their input:

- **Mr Mpho Matjila** - the senior manager of Legal Unit at Anglo Platinum
- **Ms Yvonne Mfolo** - General Manager for Public Affairs at Anglo Coal
- **Mr Lucas Mekgoe** - Chairperson of the Luka Environment Forum and part of the Rustenburg Environmental Forum
- **Mr John G Clark** - a social worker, has for the last two years been working with the Amadiba community on the Wild Coast raising awareness of the community's rights in efforts to sustain the Wild Coast

Mr Mpho Matjila

- On behalf of Anglo Platinum and Anglo Coal he has taken all the comments to heart but these are complex issues and we come from a history where the majority was excluded. He mentioned that Anglo Platinum won 10 court cases that they were taken to court over but business wants to see an end to the conflict and wants a situation where everyone works together, where the intended beneficiaries benefit and ultimately where the facts and truth remain.
- He directly answered the questions raised on the issue of legal fees by saying the legal advisors are appointed by the community and they do pay geologists and environmental consultants and he also concedes that there is scope for abuse but that in his opinion people who are represented by Legal Aid cannot claim that the state is prosecuting them. He stated that Section 21 companies are used as investment vehicles in the management of the relocation process and should have no life beyond this.
- He conceded that a lot still needs to be done on the issue of employment and from which villages to draw labour and that these issues are continually being dealt with and there is no perfect answer.
- The water problems are still there and the mining house is trying to deal with the issue so the community is not endangered.
- Meetings do happen on Saturdays and will have to go back and investigate whether this is strictly observed.
- Communities in Limpopo do not own land unlike the communities in the Northwest Province because the 1913 Land Act only applied to those areas that accepted self-government and not in the territories that took independence and because of the 1913 Land Act they have ownership of the land and minerals. The land is not registered in the name of the Chief but held in a Trust for the community.
- Mr. Matjila made the point that the poverty in communities existed before the mining took place there and suggested that business and the non-government organizations start working together to help communities.

Yvonne Mfolo

- Anglo Coal respects the cultural rights of all people and ensures that human rights are upheld and ensures the governing rights of country in which they operate. But with the variety of laws regulating operations in the country such as Black Economic

Empowerment and Water Regulations for instance, mining is complex. In an attempt to address the complexity, Anglo is trying to look into ways of forming partnership with non-government organisations in ongoing engagement with communities and governments. Anglo engaged in projects in the community in the areas of: small, medium, micro enterprise in the areas agricultural/food security projects by providing training and funding. Health education and environmental education to improve the air and water quality is also seen as important. She also spoke about their method of engaging communities in projects by working closely with the local economic initiatives of the Local Authorities.

Lucas Mekgoe

- The efforts by Bench Marks to help communities affected by mining is recognized. His community is the most socially marginalized community in South Africa and is denied justice and social services. He said there is only one government clinic that also caters to migrant workers. The white community in the area are given everything and the black community nothing. The physical condition of life in the area is appalling because of mining. The mining houses write up anything in their reports, such as all the pits being rehabilitated but this is only for the purposes of the renewal of their mining rights, they do nothing. There are serious environmental degradation issues in the area.

Mr. John GI Clark

- The Wild Coast is rich in natural minerals and has nearly 200 endemic plant species. His work in the area has started with an Australian venture capital company interested in ore mining in the area through the involvement of the Richards Bay Company. A five-minute video is on show at the conference and he wanted to show a community member speaking before the destruction. He outlined the struggle that took place to try and stop the mining taking place in the area. He spoke about how mines should engage with communities and outlined a few important principles: prior informed consent, a level playing field of knowledge and access to expertise and the need for mines to uphold their own principles as enshrined in the MMSD reports.

Questions and Comments

The questions and comments that followed the panel discussion raised important points, including:

- What is fair and just compensation to communities?
- It is a problem that senior government officials have shares in mining.
- Problems with water and sewerage are still prevalent in communities.
- Do communities see their new homes before they are moved to a new place?
- A government fund should be set up to provide direct support to mining communities.
- The inertia between government departments on the issue of mining is a huge problem.
- Land in the whole of Rustenburg cannot be used for farming because of mining.
- The land cannot be rehabilitated and the resultant problems of earth tremors and earthquakes are serious.

The closing suggestion of the session was to propose a permanent forum be established for government, mining houses, communities and other relevant stakeholders where ongoing discussion and negotiation of the issues can take place. The focus should be on principles that govern how mines engage with communities and delegates put out a call for the Bench Marks Foundation to convene such a process.

Day Three – Thursday, 5 June 2008

Opening

Mr. Eddie Makue opened the third day of the conference. He explained that the day's proceeding would deal with the call for a Church Leaders' Code of Conduct on SRI. The meeting started with a discussion on the document that is available on www.bench-marks.org.za and open for further discussion and comment

Church Leaders' Code on SRI

A discussion on the draft Church Leaders' Code of Conduct on SRI included the following points:

- It is extremely important in the current world context to talk to the issue of sustainability-linked poverty and the practical effects of a destroyed agricultural system affecting food production and food security.
- The mining houses should take full responsibility of ensuring that the new houses communities are relocated to should be of a good standard.
- There should be meaningful peoples' participation in all processes.
- In point 2 of the document the word 'preservation' should be replaced by the word 'stewardship'.
- In point 3 of the document should include a section that all mining contracts should be accessible to other relevant stakeholders and not just the governments and the mining companies. The issue of freedom of disclosure should be included
- A comment was made on the importance of Bench Marks recognizing the new paradigm shifts that are happening globally and that the document does not reflect.
- In particular the new discourse evolving after of the seriousness of climate change, that perhaps now is the moment when more people are listening.
- In response to a question on space for input from communities, communities were requested to make input after the meeting and send it to the Benchmarks office.

The document was accepted with the changes by the meeting and the Director of Bench Marks informed the meeting he envisaged that the process of finalising the document will take at least eighteen months. This will then be released after all the role players, government, business, communities, church leaders and NGO's had been widely consulted.

Responsible Asset Management and SRI Criteria

Mr. Alan Wentzel, a board member of the Bench Marks Foundation, chaired this panel discussion. He introduced the session on ethical investment by saying that the session is about changing the mindset of companies to not just getting the best return on their investments for shareholders but by also applying a code of ethics when investing. The panelists were:

Ms. Corli le Roux - legal counsel to the JSE Limited

Mr. Saliem Patel - Deputy Director of the Labor Research Service

Heather Jackson - one of the founding partners of African Harvest and one of the leading bond managers in South Africa

Neville White - Head of Socially Responsible Investment at CCLA

Ms. Corli le Roux

- The JSE does not often engage with the type of audience at the workshop so she is very happy be participating. The notion of SRI started in the anti-apartheid days which started international companies thinking of what constitutes socially responsible investment. The JSE has launched a socially responsible index and is the first stock exchange to do this. In the last four years a tremendous amount has been achieved and there is a growing awareness in the world today that a company's results can be undermined by bad

sustainability practices. The notion that challenges this is gained more awareness in the world today. It is critical is to have collaborative initiatives with like-minded organizations to affect change.

Questions and Comments:

- Has Escom been assessed against the JSE criteria?
- In response to question asked on JSE's social responsibility to communities the answer was that the JSE has a number of initiatives in the areas of education and philanthropy and attempts are being made to expand the retail base. Extensive travel is also done in the rural areas helping people to create tools to invest.
- A section 21 company can invest but cannot distribute profits that it makes and just builds up an increasing amount of capital.

Mr. Saliem Patel

- LRS offers support on collective bargaining issues and works with the international trade union federations and in the last six years has also built up an international network of likeminded organizations. The LRS does not lobby or campaign - the labour unions do that. They do company analyses, screening companies and scoring them using a formatted set of criteria. He suggested that Bench Marks consider forming a team together with them to work on Checkers Retail Store. He said that the problem with more codes and framework agreements is that they are voluntary. The codes of conduct should be aimed at communities, helping them to organise and build alliances across borders. Systematic research, education and training are also important.

In answer to questions he said:

- There is no trade union established in Ghana.
- They do not have any connection to Australian union though their Asian partners work with the unions in Australia.
- There is an ongoing debate that takes place on the issue of shareholding.
- LRS has done audit skills linked to racial composition at Anglo Platinum and Anglo Gold and will be available in LRS surveys.

Heather Jackson

- She spoke about getting the whole question of SRI focused and the need to move the discourse from CSI to SRI. She also asked why it is that South African Pension Funds are not looking at SRI. She suggested that investing in development bonds with the Development Bank of SA is also a good way to invest.

Questions/Comments:

- In answer to a question on Government Pension Fund's surpluses she said that this is a contentious issue.
- Trustees are left alone to invest and should be included in the debates and education on SRI. Most Pension Funds are not investing responsibly.
- Fund Managers are consultants and some of them actively advocating doing nothing and not promoting SRI issues, for example, Alexander Forbes.
- There is currently no real demand to influence policy
- The church investment group has vast amounts of money to invest and it is sincerely hoped that they will be more SRI proactive.

Neville White

- The Churches are very rich in values, moral authority and integrity and started using that moral authority to challenge business on corporate responsibility. In 1948 churches in England thought about ethical investment and in 1991 the Bishops case inspired new

thinking. CCLA Ethical Investment Advisory Group (EIAG) brings three bodies together and attempts to ensure that money invested delivers on social change.

Questions/Comments:

- In answer to a question, palm oil is used in almost everything we use and getting palm oil means cutting down the rainforests and that is why the CCLA has taken up the issue.
- They have no specific relation with the London Stock Exchange.
- Strong suggestion that linked research is done on all the major stock exchanges because of the multinational nature of companies.
- Major stock exchanges in the world do not see themselves as regulatory instruments. But the debate is ongoing and the stock exchanges do see themselves playing a more sustainable role.
- Are company reports a good enough tool to judge their SRI behavior?
- The JSE would like more exchanges with others in developing criteria and Ms. Le Roux handed in her email address for participants: sri@jse.co.za.
- Shareholder activism is going nowhere in South Africa, because there are no targets to be reached it is not taken seriously.

- Attending company annual general meetings is important.
- More debate is needed on the issue of bio-fuels.

Summary

- Mr. Saliem Patel said Social Responsible Investment is a difficult but important terrain to move society forwards. It is difficult so a multi-pronged strategy is needed.
- Ms. Heather Jackson said the level of awareness and social conscience at the conference is very strong but needs to be channeled. However everyone present can use the power of the funds they invest to make a difference. When individuals start teaming up it will make a difference and if it costs the companies money and business then they will start to listen.
- Bishop Jo Seoka thanked everyone for their contributions that enabled a successful conference and said that delegates should go back and implement ideas from the conference and that the minutes captured will be sent to all delegates. The international guests were given special thanks together with Bench Marks staff and the Board Members present.

Closing Prayer

The Bishops of Burundi and Tanzania led the closing prayer.