



Media statement by the Bench Marks Foundation

Kumba Iron Ore needs to proactively fix social, economic and environmental deterioration

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FOR IMMEDIATE RELEASE

Social, economic and environmental deterioration exists in the communities surrounding mining company, Kumba Iron Ore Limited, according to the latest report released by the Bench Marks Foundation on 3 June 2015.

The report entitled “‘Floating or sinking’ Social Licence to Operate (SLO): Kumba Iron Ore Limited,” is the tenth edition of the Bench Marks Foundation’s Policy Gap series and investigates the strengths and weaknesses in Anglo American’s Kumba Iron Ore mining company’s policies in its efforts to gain and maintain a Social Licence to Operate.

The mine is situated in Sishen in the Northern Cape Province in South Africa, and is one of the seven largest open-pit mines in the world.

Says Professor Freek Cronjé, Director for the Bench Marks Centre for Corporate Social Responsibility: “Certain basic rights such as decent living conditions, a potable water supply, toilet facilities, and the upkeep of recreational facilities, are lacking.

“Poverty is a serious issue in the communities of Dingleton and Mapoteng as well as racism and poor integration within the company and surrounding communities that negates the full potential of Kumba’s community entrepreneurial projects and sustainability”.

According to the report, there is still - between Kumba and the adjacent communities - substantial room for improvement and the following recommendations have been proposed by the Bench Marks Foundation and its Centre for Corporate Social Responsibility:

- Beneficiaries must be fully involved in the initiation, planning and implementation of projects geared towards their wellbeing. Kumba’s Social and Labour Plans were mainly built around the stipulations and demands of the Mineral and Petroleum Resources Development Act and the Mining Charter;
- Kumba must reassess its own contribution to the SLO. It needs to assess how CSR policies, programmes and projects are shaped within an SLO framework towards sustainable development in its operational areas, adjacent communities and further afield where existing programmes and projects have been launched as well as in places where future ones may be initiated;
- It needs to align its sustainability initiatives to those of their various stakeholders to build legitimacy and credibility for its operations. It also needs to abide by its constitutional and moral obligations by ensuring that impacted communities are involved in a free, prior and informed consent manner;
- The company must establish partnerships with all stakeholders whether perceived as right or wrong by the company. The buy-in of all stakeholders is essential and their involvement should be established on the basis of the human rights principles of inclusivity, accountability and transparency;
- The company must be more transparent about recruitment. It should also ensure that its employment structure reflects the race, gender and disability structures of the South African society. The widely held perception that the ‘mine does not care’ still exists and Kumba would do well to develop quality labour relations programmes and policies to dispel this perception;
- The company must address and enhance the long dragged-out resettlement process together with the local municipality, in an effective way;
- The company must seriously look at and attend to the general housing and service delivery problems in the area;

- The company must be transparent about the reasons for relocating communities and must undertake, with full disclosure and guarantees, that communities will be better off and will suffer little or no alienation from cultures and customs, and their ancestral graves while being resettled;
- The company must undertake a more strategic health infrastructure that is sustainable beyond mining in view of the mining operations' contribution to chronic illnesses such as TB, and to take account of health insurance for both its employees as well as local community members;
- The company must ensure that its internal security does not impede the role and mandate of the institutional law enforcement agencies in the area;
- The company must seriously look at the alleged institutionalisation of racism and sexism in the workplace and deal with it constructively; and
- The company must provide a pragmatic closure plan, taking into account economic, social and environmental developments post-closure, that supports community members in making the decision to grant an SLO or not.

Recommendations have also been presented to agencies such as the South African Human Rights Commission and the South African Commission for Gender Equality in regard to labour and health issues, militarisation of mine security, racism and sexism in the workplace, conditions of women workers as well as housing and water issues.

“In order to rectify the significant gaps between Kumba’s own perspectives of its CSR achievements and the real feelings and perceptions experienced by the communities surrounding its operations, it is our wish and hope that Kumba uses the findings and recommendations in this report to close this gap,” says Cronjé.

The iron ore sector is very important to the South African economy, with the United States Geological Society indicating that South Africa produced 67-million metric tonnes of iron ore in 2013, making the country the world’s seventh largest producer.

The SLO concept, combined with the related notion of ‘Free prior and informed consent’, is becoming an increasingly important principle in ensuring the sustainability of mining operations, and more importantly, the well-being of surrounding communities and the environment.

The report by the Bench Marks Foundation and the Bench Marks Centre for Corporate Social Responsibility (CSR) at the North-West University highlights the gaps in the company’s Corporate Social Responsibility programmes and aims to change corporate behaviour towards responsible business conduct that benefits communities and embraces the overall wellbeing of those most negatively affected.

Amongst others, the Bench Marks Foundation calls for a new relationship between corporations, communities and ecosystems, equal participation of stakeholders and those most affected by the activities of corporations in the decision-making processes of companies, preservation and protection of the environment for present and future generations; and respect for the dignity of every person and human rights policies based on the Universal Declaration of Human Rights.

For more information on the Bench Marks Foundation, or to view the last nine reports by the organisation, as well as more information relating to the Kumba research, go to www.bench-marks.org.za.

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About Bench Marks Foundation:

Bench Marks Foundation is an independent non-governmental organisation mandated by churches to monitor the practices of multi-national corporations to

- ensure they respect human rights;
- protect the environment;
- ensure that profit-making is not done at the expense of other interest groups; and
- ensure that those most negatively impacted upon are heard, protected and accommodated within the business plans of the corporations.

The Foundation was launched by the Rt Rev Dr Jo Seoka who chairs the organisation and by member churches of the SACC in 2001.

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