

**Bench Marks  
Foundation of  
Southern Africa**

**For Corporate  
Social Responsibility  
(BeFSA CSR)**



**Annual Report  
2005**



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# Foreword

**E**conomic justice has always been close to my heart, as it is a central tenet of Christian theology, and in this regard, of concern to me is the conduct of multinational companies, as they impact directly on communities, on people's livelihoods, on the quality of life and people's health and safety. It was with this in mind that we launched the Bench Marks Foundation in 2001 and established an office in mid-2003.

It gives me great pleasure to release this report on behalf of the board of the organisation, and the dedicated team of people in the office.

*The Right Reverend Dr. Jo Seoka  
Chairman  
Bench Marks Foundation of Southern Africa for Corporate  
Social Responsibility*



*The Right Reverend  
Dr. Jo Seoka  
Chairman*

## **BeFSA's Mission Statement**

*The Bench Marks Foundation of Southern Africa is committed to providing leadership and advocacy on issues regarding benchmarking of good corporate governance, ethical and socially responsible investment as well as linking people and institutions committed to these ideals.*

# An Overview of 2005



*John Capel  
Executive Director*

**T**he Benchmarks Foundation of Southern Africa (BeFSA) was officially launched in 2001 and two years later established an office, which is now situated in Khotso House, in the Johannesburg Central Business District.

From our humble beginnings in March 2003 (we had no desks or computers); we have come a long way, facing many challenges, including:

- o Working out our strategic role given all the initiatives around Corporate Social Responsibility (CSR)
- o Developing an approach that would add value to the CSR agenda
- o Forming programmes of action directed at the church, business and government, and
- o Ensuring that we run a professional outfit.

Today, we have performance targets in place, regular reviews of progress, tightly controlled accountability, a fully operational board, regular strategic planning exercises, three staff members, and partnerships with a number of church-based groups, civil society organisations, universities and academic researchers and a host of interested organisations and individuals. Accompanying this is the support we are receiving from international donor partnerships, both financially and intellectually.

## **Strategic Planning Session**

In May 2005 we conducted a strategic planning session using Sonke Consulting to sharpen our focus and strategies around the church, corporations and public voice power, as well as to clarify how we use the Bench Marks framework for responsible business conduct.

The event was attended by board members and some strategic partners. The meeting identified key stakeholders such as business, government and the churches and then identified secondary stakeholders who will help us drive implementation.

## **Corporate Social Responsibility**

As an organisation, one of our first challenges was to generate interest in the organisation and clarify how we relate to other initiatives like the United Nations' Global Compact and the Global Reporting Initiative (GRI) and our own Socially Responsible Index (SRI) on the Johannesburg Stock Exchange.

Initially we felt we had missed the boat, feeling overwhelmed by our environment and all the awards that were being dished out for responsible business conduct. Our mission statement and vision for the organisation was to be on every company agenda and to be the leading ethical investment resource group – a tall task, given our context and the present culture of award giving.

As we began doing research and looking at the different awards being given out, we realised

## Strategic Planning Session 2005



*Ms Chana, Commission for Gender Equity*



*From left: Tiny Leshika (SACC), Allan Wentzel (CDT), Abinaar Ramadie*



*Abinaar Ramadie  
Assistant Director BeFSA*



*Brown Motsau  
Office Manager BeFSA*



*Rev. Desmond Lesejane*

that the challenge we face is to uncover the gap between policy and practice. It is one thing to say a company has a good corporate social responsible policy and quite another to measure this against performance criteria.

Corporate Social Responsibility (CSR) to BeFSA means that corporations respect the integrity of creation, people and the environment, and conduct business in a way that incorporates the broader needs of society. It is not good enough to have policy in place without stakeholder engagement and without responsible business practices being centered at the core of every business decision. CSR for us is not purely about philanthropy, public relations, or brand building – it is about economic sustainability and corporate decision-making that recognises business' responsibility to the broader society and its social sustainability. Economic sustainability is viewed by business as short-term profit maximisation, whilst for us it is viewed as economic participation, emancipation of all and equitable economic development. For us economic sustainability and social sustainability are two sides of the same coin, a point often misunderstood by business.

### **The Bench Marks**

Faith communities around the world have drawn up a tool for measuring corporate behaviour. This framework is called 'Principles for Global Corporate Responsibility: Bench Marks For

Measuring Business Performance', known as the Bench Marks. The Bench Marks set the standards for responsible business conduct using all internationally agreed human rights conventions, environmental standards and protocols, and acts as a measuring instrument where policy is turned into dynamic practice. The Bench Marks reveal the gap between policies and practice and puts BeFSA in a good position to influence the whole agenda of CSR. For us CSR is tightly linked to investment patterns and investment impact.

With the tool of the Bench Marks we decided on three levels of action:

- Enabling churches to invest using ethical criteria.
- Researching and monitoring multinational companies in South Africa and South African multinational companies expanding onto the continent of Africa.
- Promoting an alternative voice on what constitutes responsible business practices.

To do this and be effective we needed to meet a lot of people, form linkages with like-minded organisations, and work towards building trust, especially in the church.

## **Areas of work**

### ***Church and Ethical Investment Programme***

The success of BeFSA's campaign on ethical investments depends heavily on the alliances and relationships we build with other ecumenical players especially the SACC. We have established a good relationship with Diakonia Council of Churches in Durban and the Beyers Naudé Centre for Public Theology at the Stellenbosch University in Cape Town, along with the Western Cape Council of Churches. Consultations have also taken place between BeFSA and the Kwa-Zulu Natal Christian Council, PACSA, and the Church Land Programme with the purpose of strengthening each other in our work. There are a number of crosscutting issues between BeFSA and these bodies and it is crucial that we maintain relations with them.

For 2006 our focus is to bring together a core group of church leaders to steer an ethical debate on how the churches can actively engage in ethical investment. In addition we will engage religious orders that are more sympathetic to ethical investment to help implement our vision. Partnership development as with our other programmes will drive this process.

### ***Multinational Companies***

In late 2004/5 we researched five companies against the Bench Marks framework. These are BHP Billiton, Goldfields SA, the financial sector overview study and Shoprite Holdings and Woolworths in Zambia and Botswana respectively.

Flowing from the research on retail expansion in Africa we established the Africa Roundtable on Investment, a forum for sharing information and now working towards a code of conduct for all companies expanding onto the continent, to be called the Renaissance Code in line with the spirit of Nepad. We intend to put companies to the test on their corporate governance and to engage the Nepad secretariat and the African Union on this code. However, this part of the project will initially span two years and involves a lot of research and networking.

In the year to come we will also be focusing on engaging the companies we have researched, and put specific recommendations to them.

The most exciting development in 2006 is the Peace Principles and Participation programme that will do a detailed study on mining in the greater Rustenburg area. This programme is a

multi-stakeholder partnership with GroundWork, the Greater Rustenburg Community Foundation, South Durban Community, Environmental Association and the Children's Rights Foundation and is linked into the University of the North. BeFSA leads this programme and is using the Bench Marks framework to measure the mining houses' investment in communities along with some environmental and HIV and Aids concerns.

### ***Voice Power***

We have been successful in 2005 in our publicity ventures getting regular coverage in Challenge Magazine and the Professional Management Review with four articles in each. Further to this we were successful in getting published in the mainstream media on four occasions and in a French publication and participated in two radio interviews. We plan to increase our publicity with more television and radio coverage in 2006.

### **A Word of Thanks**

Special thanks goes to Christian Aid and to Rob Cunningham for his foresight and willingness to promote BeFSA with other international aid agencies, to NIZA (Netherlands Institute on Southern Africa) for making it possible to meet other aid agencies and developing our capacity, to EED in Germany for their immediate support, AMA/CMC in the Netherlands, for going out of their way to support BeFSA and to Missio Austria for their initial support. We also welcome on board Diakonia Sweden for their generous support. We owe a great deal of gratitude to these and future partnerships for making BeFSA the organisation it is today and enabling the organisation to grow.

### **Conclusion**

In conclusion, what makes us different to other organisations involved in corporate social responsibility is that we are independent from business, able to engage more critically, come from an economic justice background, have a large church constituency, and our starting premise is one of ethics and morality. In this regard, we are the only southern African based organisation focusing on corporate social responsibility from an ethical and moral angle that gives us a special role, that of overseeing and monitoring, with emphasis placed on establishing the gap between policy and practice. As we grow our voice will become louder, our research more revealing, and our clout as an organisation manifold.

*John Capel*  
*Executive Director*

# Church and Ethical Investment Programme (CEIP)

**T**he Church and Ethical Investment Programme (CEIP) of the Bench Marks Foundation for Southern Africa is constructed around a particular a set of assumptions and within in a context of South African churches with low volumes of investments; poor churches fighting for survival and a lack of transparency in mainline churches about their investment policies and criteria.

The temptation has been to focus on big mainline churches to the exclusion of smaller, poorer churches. However, it has been the latter that are receptive to BeFSA's approach to CSR and which have the potential to bring about change within themselves and among others. The CEIP assumed that reception and interest will be high among "big" churches and that church leaders will quickly buy into the concept of ethical investments. On the contrary, it has been ordinary clergy, lay people and church activists who have embraced it more, hence we made less progress with Bishops, Archbishops and Moderators and other high-ranking church officials.

The second assumption of the programme was that fund managers, for example treasurers or asset managers would cooperate with ease. While some progress has been made with some finance managers of a few churches, it will take a lot of effort and relationship building to begin to effect change. Finances and management policies are always a sensitive aspect for any institution and we have to deal with that reality. We are investing a lot of energy in building these relations to ensure that the concept of ethical investments is spread as widely as possible.

## **Objectives and main areas of work**

The initial objectives of the CEIP have been two-fold:

- To conduct preliminary research and solicit information on various church investments and funds portfolios and to establish whether churches have policies and criteria on investments.
- To raise awareness among churches on the issue of ethical investments, also called socially responsible investment. Specifically the programme seeks to mainstream ethical investment as part of church life promoting the churches' contribution to the struggle for socio-economic justice.

Main areas of work are:

- Organising seminars, consultations and workshops as a means of raising awareness amongst churches
- Engaging with church leaders with the aim of gaining their buy-in into the campaign for Ethical Investments
- Setting up Ethical Investments Forums in three provinces.
- Publishing articles for various publications on issues of responsible stewardship and various aspects of Corporate Responsibility
- Conducting research on church investments and criteria

Central to BeFSA's Church and Ethical Investment Programme is building partnerships and creating awareness in the church through seminars and publications.

In 2005 a total of four breakfast meetings were conducted to raise awareness in the church on issues of ethical investment and to influence church communities to commit to ethical investment practices. Key church leaders have attended these events that assisted in the formation of Ethical Investment forums in three provinces, a further vehicle for discussion and catalyst for action on issues of corporate morality or lack of it.

The three discussion forums for debate on investment are in Gauteng, Kwa-Zulu Natal and the Western Cape. We targeted different bodies in the provinces to assist us and to lead these forums. In Kwa-Zulu Natal, the Diakonia Council of Churches came on board, in the Western Cape: the Beyers Naudé Centre for Public Theology and Western Cape Council of Churches, and in Gauteng: the Provincial Council of Churches.

In addition to the breakfast meetings two further seminars were held in Cape Town and Johannesburg. We have also individually met with leadership from seven churches all of whom have been receptive to our message on ethical investments.

### **Church Leaders Conference**

In October 2005, BeFSA convened a conference for church leaders on corporate responsibility and the role of the church in influencing corporate behaviour. Apart from church leaders, delegates attended the conference from ecumenical partners including the SACC, ESSET, Church Community Leadership Trust, and the Council for African Initiated Churches. Three academic institutions were part of the event: University of South Africa, St Augustine's College (a Catholic University) and the University of Johannesburg.

Key civil society organisations that participated in the Conference included representatives from COSATU, the Foundation for Human Rights, Moral Regeneration Movement, Jubilee SA, Khulumani Support Group and Cooperative for Research and Education. At this conference the Business Unity South Africa (BUSAs) was given an opportunity to present the view of business on morality and ensuring good stewardship.

The Department for Trade and Industry represented government at the conference and it was their task to share with delegates what they have in place to regulate corporate conduct as well as challenges arising out of that. A comprehensive report for the conference is available.

### **Research on ethical investment**

In 2004 a preliminary survey was conducted on the nature and forms of investments churches are engaged in, including an assessment of various investment policies and criteria. Research will continue in 2006 with a more comprehensive study that will include some of the contextual challenges of South Africa: the existence of small, less resourced churches, the impact of colonial and apartheid history on churches, skewed distribution of resources within same churches and issues relating to the land management policies of churches.

## Church Leaders Conference 2005



*Bishop Ivan Abrahams*



*Mr Mpheane Lepaku, the DTI Spokesperson*



*Right Reverend Dr Jo Seoka*



*Yasmin Sooka (TRC) Business and Human Rights*



*Bheki Sibiyi from BUSA*



*Rudi Dicks (Cosatu)*

# Multinational Companies

**A**s part of BeFSA's research programme on corporations in southern Africa, five multinational companies were researched in 2005. The aim of the research was to develop an understanding of a few selected corporations and how they measure up to the Bench Marks in order to better inform religious and other investors about the companies in which they invest and to give BeFSA an overview of the state of CSR in different sectors.

The research shows that whilst companies have moved some way towards responsible business conduct in their policies, their practices often lag behind. More needs to be done to ensure economic growth and sustainable development in the sub-continent of Africa. We will be talking more and more about social sustainability and linking this to the question of economic sustainability. Following is an overview of the five research studies conducted.

## **The Finance Sector in South Africa**

The financial sector operates as a catalyst. It is, or can be, the driving force behind economic growth across sectors of a society, private and public, and thereby contribute constructively to the alleviation and eventual elimination of inequalities.

The BeFSA study focused on the performance of the finance sector in South Africa and how equitable the sector is in rendering financial accessibility to all South Africans. It followed the Bench Marks, Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance report and gave particular attention to two Bench Marks principles and criteria laid out in section 2.5 of that report which focus on financial integrity.

The study describes South Africa, financially, as caught between local and global pressures. The country's "Big Four" banks, ABSA, Standard Bank, First National Bank and Nedcor perform according to international practices and standards. These banks and the formal financial sector that they present, cater to 16 million customers. They are world-class. All four banks adhere to the principles set by the Basel Committee on Banking Supervision, and rank among the best banks in the world. Through them, South African customers have online, real-time, nationwide access to bank accounts 24 hours a day, everyday of the year.

Overall some progress has been made in making finance and financial services more equitable for all South Africans but the sector has still a long way to go with a remaining 14 million potential South African customers not banking and without access to savings or insurance services, relying on the informal sector, such as 'stokvels', for financial services. The majority of these are poor, black South Africans, who deserve redress, but whose access to financial services is severely impaired. In addition to lack of access to savings and insurance services, redlining policies denying people access to housing and commercial loans; high service rates and lack of infrastructural access, high risk aversion criteria, inhibit people's ability to use financial services. Consequently, people turn to micro-lending loan sharks and informal finance service providers, which cost more than if they were able to participate in the formal banking sector.

The report describes examples that highlight South Africa's financial sector's recognition of the need for broader-based financial stakeholder involvement in the industry for economic growth

and social stability such as sponsorships, literacy and HIV/Aids programmes. However, equitable financial access is not yet mainstreamed and more needs to be done, particularly with a view not only to correcting past injustices but to preparing for future development. The report makes recommendations for the financial sector as well as for the involvement of government and civil society in ensuring equitable financial resources for all.

The conclusion of the report states that the problem of procuring and providing equitable finance in South Africa is a large one. However, it is not unsolvable. It does require a fundamental shift in strategy from philanthropy to mainstreaming financial access.

## **BHP Billiton**

During 2004 a study was conducted by BeFSA together with ECCR (Ecumenical Centre for Corporate Responsibility) and the CCSRI (Christian Centre for Socially Responsible Investment) in Australia to measure the extent to which BHP Billiton has adopted policies and practices that enable it to act in an environmentally and socially responsible manner. The study is based on the framework of the Bench Marks document.

The study found that at the corporate level there seems to be a high level of awareness within BHP Billiton to act in an environmentally and socially responsible manner with the development of a number of statements, guidelines and standards on a range of issues to guide practice at site level. It was found that the company's health, safety, environmental and community reporting is relatively advanced.

The report welcomed BHP Billiton's corporate social responsibility, but indicated that there are still a number of areas that the company does not seem to have addressed and about which more information is required. These include policy and practice on developing renewable energy sources, biodiversity policy, policies and procedures on training of workers, transparency on lobbying and information on what the company is doing to support transparency initiatives such as the Extractive Industries Transparency Initiative.

The content of the report was shared with BHP Billiton and the company was invited to comment on the analysis – the company's comments are included in the report.

It was found that although many of BHP Billiton's policies reflect the concerns expressed in the Bench Marks there were a number of areas that the company had either not considered or did not report on. It was also found that BHP Billiton has policies developed but failed to implement them accordingly, reflecting the concerns expressed by civil society groups that more information is needed for socially responsible investors.

BeFSA highlighted a number of areas of concern with regard to the company's operations in South Africa indicating problems with alignment between company policy and practice. These include:

- o The company has a major corporate center in South Africa but seemingly without any effective influence on their corporate social responsibility standards, in particular, employment equity and transformation.
- o Problems implementing the company's statements with regard to the treatment of workers with HIV/AIDS. Unionists claim that, for example, many of the company's schemes do not address the needs of workers' families or the wider community.\*

- o Many workers feel that although the company has policies and procedures to implement South African transformation legislation, this has not been reinforced by a programme to shift attitudes, behaviour or abilities at site level. As such, policy implementation has been undermined and many black workers feel there has been insufficient change in terms of structure or personnel since the end of the 1980s.\*
- o The closure of the Rietspruit mine in Mpumalanga province did not happen successfully according to community reports.
- o The company does not provide suitable accommodation for families in South Africa.
- o Retrenchments at the Ingwe collieries and the subsequent restructuring mean that workers are working harder and faster than before and this has health and safety implications. Australian workers raised similar issues.

\* In its response to this report the company has disputed the views expressed in these statements and ECCR, CCSRI and BeFSA are continuing to engage the head office in London and their Australia offices on the outcomes of the research.

In 2006 BeFSA has earmarked areas for further research in collaboration with ECCR. These will include HIV/AIDS, transformation and mine closures.

### **Goldfields Ltd. in Ghana and South Africa**

An initial study in 2005 was done on Goldfields (Ltd), one of the world's largest precious metals producers in the world. The study was confined to Goldfields' mining operations in Ghana and South Africa and compared the research compiled by the National Labor and Economic Development Institute (Naledi) on Goldfields to the Bench Marks. As the research did not cover all the Bench Marks principles it is anticipated that as more research becomes available, work on the report will continue.

The study found that Goldfields affords recognition to any trade union that is significantly representative of its employees. The company largely complies with the collective agreements in that it deducts union subscriptions; recognises shop stewards and permits union officials to access the mine and its operations, and holds regular meetings with the unions. However, in both Ghana and South Africa the unions stated that management is reluctant or delays the fulfillment of certain components of the collective bargaining agreements with which it is not comfortable.

The study found that the company has different wage levels for its workers doing the same job across its three mining operations in South Africa. Although the union has raised this issue several times with management, this abnormality persists and is a violation of ILO convention 100 and SA labour legislation.

In South Africa, Goldfields has an Employment Equity (EE) plan which it is implementing. The unions though are skeptical and view EE appointees as "window dressing". Victimisation towards National Union of Mines (NUM) members has been reported as well as preference shown towards particular workers in the allocation of housing. Also, black employees felt they were not considered for positions in the engineering department. A few years ago in Ghana there were complaints by local communities of noise, water pollution and the impact of surface mining on farming. In 2004 some villages complained of wild animals straying into their villages because of the extensive surface mining. The company has taken some measures to deal with such problems.

In South Africa the Goldfields Foundation focuses on community development aimed at improving the quality of life in host- and labour-sending communities through grants and donations related to training, welfare, small business development and job creation with particular emphasis on the empowerment of women and the youth. The Foundation received R14 million in South Africa for 2003 (funded by receiving R1 for every ounce of gold produced and 0.5 per cent of pre-tax profits).

## **Shoprite in Zambia**

Bench Marks Southern Africa (BeFSA) commissioned a study on Shoprite, a retail company with almost one hundred stores in countries outside South Africa. BeFSA identified six areas in the Bench Marks framework for the research on Shoprite's operations in Zambia: local economic development and supply chains; training and development of local managers and employees; wages and salaries; employment conditions and human rights; gender and health and safety with a particular focus on HIV and Aids.

The study included a case study of a partnership forum initiated in Chipata in the Eastern Province of Zambia between local farmers and the local branch of Shoprite. The Luangeni Cooperative Initiative case study shed light on some essential features of the company's operations and local supplier problems.

This farming initiative formed when a research project initiated at the University of Zambia sent students to visit a number of villages in 1998. Their research project was not related to the issue of Shoprite and Zambian suppliers, but students picked up complaints about Shoprite from local farmers who said that Shoprite had stolen their market. Vegetables were being supplied from South Africa. The Luangeni Cooperative Initiative was formed between key stakeholders, including local farmers and communities, to create a partnership between the local branch of Shoprite and the community.

While Shoprite admits that supporting local farmers is important for long-term sustainability, the company has no concrete measures in place to assist with this. The research on Shoprite illustrates some of the issues facing South African corporations doing business in the rest of Africa. Taking a number of factors into account the research found that the opening up of Shoprite stores in Zambia has meant minimal contribution to national job creation.

The issue of two-way trade (for example, between South Africa and Zambia) is a complicated one, obviously influenced by the current state of the Zambian economy compared to South Africa and affected by trade agreements between the two countries. The performance of South African companies, such as Shoprite, operating in other countries on the continent goes beyond the business arena and has implications for South Africa's overall role on the continent.

On the issue of corporate social responsibility, the study found that with Shoprite in Zambia, it is often a case of philanthropy, instead of a commitment to real and environmentally sustainable projects that would truly improve the lives of local communities and build up the country's economy. Nevertheless, Shoprite has a social investment program that targets previously disadvantaged communities. The company supports BBBEE (broad-based black economic empowerment), and assists with the establishment of black enterprises, investment in less developed areas and assisting communities with economic activity.

## **Woolworths in Botswana and South Africa**

The BeFSA study on Woolworths in Botswana and South Africa measures Woolworths against the Bench Marks, and examines in detail the following issues: discrimination; hours of work; health and safety; wages and collective bargaining in the company.

The most important finding of the research was that of the double standards that exist between Woolworths in South Africa and Woolworths in Botswana. In general, working conditions, corporate responsibility and transparency are good in South Africa, but this does not extend beyond South Africa's borders and indeed the operations of Woolworths in the two different countries are so dissimilar that they almost seem to be two completely separate corporations.

Woolworths in Botswana has a lot of work to do if they are going to live up to the Bench Marks of corporate responsibility, however, by following the example of and with the help of Woolworths South Africa some changes can easily be made to improve on the situation. Woolworths South Africa also needs to make some changes in order to live up to the Bench Marks but most of these are relatively small changes that could be improved without much financial burden to the corporation. The report includes key findings and recommendations for changes that can be made to make Woolworths a truly responsible and accountable corporation.

Woolworths has in place some good corporate responsibility standards, especially the development of indigenous women farmers, organic farming, and employment of people with disabilities and good labeling of products. Woolworths, for example, is open to and has already helped initiate projects in which previously disadvantaged people can develop business relationships with them. An example of this is the inclusion of disadvantaged rural farmers in Woolworth's supply chain.

Woolworths complies with South African labour law that calls for elimination of discrimination and promotion of peoples who were disadvantaged by apartheid, they do not however, take this any further than what the law requires and their business practice does not include any specific policy to eliminate discrimination.

Woolworths has a comprehensive HIV and Aids program in South Africa with a limited awareness program in Botswana that was initiated by sympathetic store managers.

Woolworths does not have any specific goals in place to address the issue of equal pay for equal work at its franchises in Botswana nor for the difference in pay scales between South African workers and workers in Botswana.

Woolworth's employees are free to organise, but the research indicates that workers in South Africa and Botswana are not aware of their rights as workers or the process of collective bargaining, so collective action is not taken by Woolworths workers in the two countries.

The company has a long way to go when it comes to social and human rights, specifically on sustainable wages, hours of work in Botswana and informing people of their human rights to join trade unions through education and training. Also, of concern is diversity and gender representation in the senior ranks of Woolworths' employees.

## **Other BeFSA Research Projects**

### ***Peace, Principles and Participation***

The aim of this research project is to establish how sustainable mining investment in communities is and to do an asset audit of the 5% of profits that mines are supposed to be investing in communities, as regulated by the mining charter. The research will focus on Rustenburg, an area where platinum mining dominates. Mining houses, such as Anglo Platinum, Impala, and Extrata, will be invited to participate in the research from the outset.

We want to know how community investment is done by the mines and whether it is based on community needs. Community social investment (CSI) is often done to enhance the company's reputation. The research will focus on the gap between policy and practice and will have as an outcome, a well-researched proposal on how CSI can be done on a more sustainable basis. The project will also look at pollution and environmental responsibility and HIV and AIDS and social responsibility such as housing.

A broader goal of this programme is to extract from civil society what they think constitutes good corporate citizenship and to start a process of looking at exit strategies and economic life beyond mining (as the mines only have a life span of 20 years).

This research will link into a regional study of corporations across countries in the Southern African Development Community (SADC).

### ***Africa Roundtable on Investment***

The Bench Marks Foundation is particularly interested in how investment takes place in southern Africa and Africa, what criteria is used for investment decisions and what social, economic and environmental criteria is used.

The Africa Roundtable brings together 12 organisations from South Africa, Botswana and Zambia to look at research outcomes and to spearhead an approach to Corporate Social Responsibility (CSR). The Africa Roundtable plays a role in monitoring the conduct of multinational companies on the African continent.

The long-term goal of the Africa Roundtable is to develop a code of conduct, called the Renaissance Code, which will spell out how investment should take place in southern Africa. The framework of the Bench Marks and the practical workbook of Christian Aid on CSR will be used to develop this code that will be promoted within Nepad, the African Union and the Southern African Development Community.

Part of the Roundtable's recommendations made in 2005 is to compile a database of research on corporations in the sub-continent and to extract areas of concern that will inform the Renaissance code.

The research conducted by BeFSA on Shoprite in Zambia and Woolworths in Botswana contributes to the development of a strategy that will put pressure on Shoprite and Woolworths to improve their practices and to measure up to the Bench Marks. These companies will be encouraged to put into place local economic indicators showing how they contribute to local economic and supply chain development, amongst other key issues.

For the work of the Africa Roundtable to be successful it will have to grow in numbers and bring on board more trade unions, research institutions, academic institutions, non-governmental organisations, activist organisations and churches. Work is now proceeding well, with a number of organisations committed to driving the process, sharing resources, and to having an impact on how investment takes place.

### *African Peer Review Mechanism*

BeFSA made a submission, through the SACC, to the African Peer Review Mechanism (APRM) presently taking place in South Africa. BeFSA is also participating in the religious sector input to the APRM, with our focus on Corporate Governance.

A conference on the APRM was held November 2005 where BeFSA participated as part of the civil society organisations that attended the conference. We made a submission to the focal group on corporate governance that provides standards on the basis of which society, especially business, can measure itself. Since then we participated in three other meetings with civil society and with the churches.

We have submitted an input paper focusing on the financial sector's role in developing the economy and have raised certain concerns around banks' risk management policies.

## Voice Power

**T**he aim of BeFSA's publicity programme is to promote a voice on ethical investment in the churches and other organisations. In 2005 we produced six electronic newsletters and a brochure on BeFSA to popularise the Bench Marks and the organisation. These were widely distributed to churches and civil society organisations.

We also published various articles in the press and religious and business publications. Business Day published a BeFSA article in their special supplement on Corporate Social Responsibility in July 2005.

Challenge Magazine allowed us in 2005 to run a series of articles on what constitutes ethical investment, while Professional Management Review allowed us to challenge the nature of what constitutes responsible business conduct. Publications such as Challenge Magazine is used as a means to reach clergy and we have had a series of articles relating to 'ethical investment', 'why the need for ethical investment?' and 'different forms of ethical investment' published in the magazine.

BeFSA participated in a radio interview on Radio Jozi about Corporate Social Responsibility and the Bench Marks framework. The Chairperson of BeFSA, the Right Reverend Dr Jo Seoka was interviewed live on West Coast FM during the Church Leaders Conference in October.

In 2006, we will get ourselves heard more on radio and television, both powerful communication mediums.

# Other activities

**B**eFSA participated in number of forums during 2006. BeFSA is a stakeholder group of the Global Reporting Initiative (GRI) and we have met with the socially responsible index (SRI) of the Johannesburg Stock Exchange. We have also engaged with AccountAbility in London, the Ethical Trading Initiative, the United Nations body on the Norms for Human Rights for Transnational Corporations, the Extractive Industries Initiative, and the Global Compact in South Africa.

BeFSA is linked to a number of universities, locally and internationally in the Netherlands. We have contact and networks with church investor groups in Europe and the States, and encourage the sharing of information and networking with these partners. In Europe they are Germany, Switzerland, Sweden, Norway, and the United Kingdom.

Different organisations in this field of work are always seeking us out, and many come to us with proposals to work with them, but most importantly we are in contact with a host of organisations and networks spanning Africa and Europe, all to varying degrees involved with corporate social responsibility. The amount of information that flows through our offices is challenging to manage, but informs us of CSR experiences around the world.

We share the Bench Marks framework for responsible business conduct with a number of faith-based partners around the world and act as the secretariat to the international steering group of the Bench Marks.

# Financial Statements

**BENCHMARKS FOUNDATION OF SOUTHERN AFRICA FOR CORPORATE SOCIAL  
RESPONSIBILITY  
BALANCE SHEET  
as at 31 December 2005**

	Notes	31 December 2005 R	28 February 2005 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	23,930	18,207
<b>Current assets</b>			
Deposits		2,100	2,100
Debtor - SARS	4	4,548	-
Term deposits		119,916	3,309
Bank balances		10,301	219,626
<b>Total assets</b>		<u>160,795</u>	<u>243,242</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Accumulated surplus		147,217	230,628
<b>Current liabilities</b>			
Accounts payable		13,578	12,614
<b>Total equity and liabilities</b>		<u>160,795</u>	<u>243,242</u>

**BENCHMARKS FOUNDATION OF SOUTHERN AFRICA FOR CORPORATE SOCIAL  
RESPONSIBILITY  
INCOME STATEMENT  
for the 10 months ended 31 December 2005**

	Notes	10 months ended 31 December 2005 R	12 months ended 28 February 2005 R
Gross revenue		733,087	507,876
Operating costs		<u>820,105</u>	<u>414,516</u>
Operating (deficit)/surplus		(87,018)	93,360
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<i>After charging:</i>			
Auditors' remuneration			
Audit fee		7,540	4,500
Prior year under-provision		-	884
		<u>7,540</u>	<u>5,384</u>
Depreciation			
Owned assets		8,827	6,094
Executive directors			
Fees		283,000	240,000
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Investment income		<u>3,607</u>	<u>1,374</u>
(Deficit)/Surplus		<u>(83,411)</u>	<u>94,734</u>

**BENCHMARKS FOUNDATION OF SOUTHERN AFRICA FOR CORPORATE SOCIAL  
RESPONSIBILITY  
DETAILED INCOME STATEMENT  
for the 10 months ended 31 December 2005**

	10 months ended 31 December 2005 R	12 months ended 28 February 2005 R
<b>Gross revenue</b>		
Grants received	733,087	507,876
<b>Other income</b>	5,407	5,374
Interest received	3,607	1,374
Donations received	1,800	4,000
<b>Total income</b>	738,494	513,250
<b>Expenditure</b>	821,905	418,516
Accounting fees	17,971	7,195
Advertising	-	7,007
Audit fees	7,540	5,384
Bank charges	1,045	837
Computer expenses	11,334	12,543
Conference expenses	221,296	7,234
Consulting fees	17,100	-
Depreciation - Owned assets	8,827	6,094
Director's emoluments	283,000	240,000
Insurance	2,958	6,606
Office expenses	12,970	653
Printing and stationery	2,088	26,210
Rent and related expenses	21,373	13,528
Salaries and related contributions	115,723	12,617
Secreterial fees	741	-
Subscriptions	1,399	-
Telephone and fax	24,871	6,669
Travel - local	31,629	27,161
Travel - overseas	40,040	33,570
Venue hire and related costs	-	3,975
Workshops	-	1,233
<b>(Deficit)/Surplus</b>	(83,411)	94,734

This statement does not form part of the financial statements and is unaudited  
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