



OFFICIAL LAUNCH

**BENCH MARKS CENTRE FOR
CORPORATE SOCIAL RESPONSIBILITY**

ELGRO HOTEL

23 JANUARY 2012

Bishop Dr Jo Seoka

GREETINGS

Rector of the University of the North-West and other Members of the University;

Distinguished visiting Professors, Academics, Church leaders and Clergy, Community leaders; Your Excellences;

Esteemed citizens and participants;

Ladies and gentlemen.

INTRODUCTION

First of all I would like to thank Professor Herman van Schalkwyk for believing in our dream and who has made this partnership possible; Professor Freek Cronje for his encouragement, patience and trust in our vision; and of course Mr John Capel for his untiring hard work to see that this dream and vision do not fade with time; as well as the Swedish Embassy for investing in this collective vision. I want to assure you gentlemen that you will not regret your decisions and that this facility will contribute towards sustainable economic development of our nation and our Continent.

I believe it is only right and proper to start by quoting scripture since this university was founded on Christian faith. "This is the day which the Lord has made, let us rejoice and be glad in it" (Ps 118.24). Today I am particularly honoured to witness the launch of the Bench Marks Centre for Corporate Social Responsibility (CSR), at the University of the North-West, Potchefstroom. It is a long-held personal vision of mine to have a cooperative and mutually beneficial relationship between the Bench Marks Foundation and a university.

I also need to acknowledge those present today that have made this possible, particularly Prof André Duvenhage and Prof Jan Swanepoel. In our midst today we also have distinguished guests, including Prof Tjaart van der Walt: former Rector of Potchefstroom University for Christian Higher Education. Of equal importance, we are honoured to welcome the Swedish Ambassador, Mr Peter Tejler. As most of you would know, Sweden played a leading role in helping to dismantle apartheid and restore some form of human dignity in South Africa.

Today we are proud to announce that the Swedish Government is committed to supporting the Bench Marks Centre for Corporate Social Responsibility. I have had restless nights praying on my knees for this occasion, as we value such a partnership with the North West University and the support of the Swedish Government, so let me formally thank you and let you know that my knees are very sore.

Let me not forget all our other distinguished guests, from church leaders to community leaders, like-minded organisations and those representing business. Lastly, thank you to the staff of the Bench Marks Foundation and board members who have contributed to this success, and of course Prof Freek Cronje.

Allow me now to give you an overview of the church and its role in promoting economic justice and to tell you a bit about the history of the church and ethical investment.

A BRIEF HISTORY OF THE CHURCH AND ETHICAL INVESTMENT

The church in South Africa has played a leading role with regard to business and human rights, and in the 70s and 80s was at the forefront of the investment boycott, and in promoting labour rights. This work continued into the 90s until the un-banning of the liberation movement and other organisations.

The church was concerned about how a post-apartheid society would look and how business would be conducted. My experience as a priest involved in industrial mission gave me an understanding of the multinational companies, and I remember how difficult it was to get Barclays Bank to disinvest. This was achieved only after a lot of international demonstrations, and ultimately the mass resistance of students who would not hold accounts with Barclays, that finally persuaded Barclays to disinvest. This and other cases like Shell, who refused to disinvest, were revealing, in that profits obviously came before people, no matter the social costs or the morality of benefiting from an oppressed people.

This led, in 1993, to the South African Council of Churches producing a document enunciating principles for a just and acceptable economy and a just investment policy, focusing on foreign and local investment within the context of the dynamics of the South African economy. It was called **'The Church, the Poor and Business: A proclamation on Ethical Corporate Conduct in SA'**.

THE CHURCH RESOLVED TO SUPPORT THE FOLLOWING PRINCIPLES:

1. Respect for the intrinsic value of all human beings
2. A preferential option for the poor
3. Democratic participation by all people in the processes that affect their lives
4. Redressing the injustices of apartheid
5. Enhancing people's access to vital resources
6. Accountability of companies to their workers and to people affected by their activities
7. Encouragement of self-sufficiency and local initiatives
8. And preservation and restoration of the natural environment.

At this time, some of our partners in the UK, USA, Canada and Australia, who had promoted investment boycotts in the 70s and 80s, began developing a measuring instrument called the **Bench Marks – Principles for Global Corporate Conduct: Bench Marks for Measuring Business Performance**. Their aim was to continue to monitor how ethical their corporations' business conduct was in host investment destinations. The first round of the *Principles* was developed in 1999 by the Ecumenical Council for Corporate Responsibility in the UK, the Interfaith Center on Corporate Responsibility, USA and the Taskforce on the Churches and Corporate Responsibility of Canada. In 1999 these principles were endorsed at the Hengrave Conference in the United Kingdom, where twenty two countries from all over the world participated in this worldwide consultation. I represented the Urban and Industrial Mission at this landmark occasion and came back to South Africa, then convened a Steering Group to look at how we could continue this work here. At my request, this led to the Bench Marks

Foundation being launched in South Africa by Archbishop Desmond Tutu.

1. In October 2002, the International Steering Group met in South Africa and reviewed and updated the ***Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance (Bench Marks)***. The significance of this tool is that it sets out comprehensive standards and expectations fundamental to a responsible company's action. The ***Bench Marks' Principles*** amongst other issues call for:
 - a) Support for a sustainable system of production and a more equitable system for the distribution of the economic benefits of production;
 - b) Participation of those most affected by the activities of corporations in the decision-making processes of companies;
 - c) Preservation and protection of the environment for present and future generations;
 - d) Respect for the dignity of every person, for workers' rights to organize a union and bargain collectively and for all core labour rights as defined by the International Labour Organisation;
 - e) Development of a human rights policy based on the Universal Declaration of Human Rights;
 - f) Commitment to the principle that every worker has the right of access to health care, accessible and affordable medicines, including antiretroviral medication for the treatment of AIDS.
 - g) Corporate governance policies that balance the sometimes-competing interests of managers, employees, shareholders and communities, and that are based on ethical values, including inclusivity, integrity, honesty, justice and transparency.

At this meeting the Bench Marks Foundation became the secretariat, coordinating the international Steering Group and included into the Principles gender issues, HIV and AIDS and sustainable development.

THE VISION AND VALUES OF THE BENCH MARKS FOUNDATION

The Bench Marks Foundation arises from and is embedded in the church, locally, continentally and internationally. It is located within the church with a special mandate to be on the side of the poor and oppressed and to ensure respect for human dignity and the integrity of creation. The *Bench Marks Principles for Global Corporate Responsibility* states that “economic life begins with communities”, the ideal of what we believe economics should be about. However, this is skewed because the multinational companies are a law unto themselves. They have more rights than ordinary citizens and purely operate for shareholder returns. All the talk about stakeholder engagement, the triple-bottom-line, that is considering the social, economic and environmental impacts, is largely policy driven. All this looks nice on glossy corporate reports but is far from the practical realities experienced by communities. This is only to appease investors who look at companies’ policies so as to ensure ethical investment, and our challenge is to correct these perceptions created by corporations and to ensure proper stakeholder engagement, real and tangible benefits for communities and a more equal distribution of economic benefits spreading to a larger proportion of people.

The reality is that we live in a world of extreme wealth and extreme poverty. God has blessed us with an abundance of natural resources but we have the highest level of inequality in the world. At the dawn of the new dispensation we hoped that big business would do things differently in the new South Africa. But what we have seen over the past years, in

our research on companies, is shocking; we now see a 'free for all' approach to exploit not only labour, small business, but even more so, communities and the environment. Our research focused on mining shows that, in just about every case, communities are worse off and not better off as mining houses will have us believe. Cultural shock, loss of livelihoods and all the attendant health problems communities' face, make many mining areas derelict. Mines often relocate people, not fully taking into account the rural life styles or subsistence livelihoods, and remove people to suburbs, from what we call a rural existence into the market economy.

A good example is that of the Magobading community who had to make way for mining in anticipation of prosperity, but in the process lost access to grazing land for cattle, crop production and a way of life. These people would not have considered themselves poor, yet they are now very poor, helpless and hopeless. Contrary to illustrious and flashy reports, we have yet to find a community that will tell you that they are better off.

Last year, at the Bench Marks Foundation Annual General Meeting, our theme was "CSR the Truth", and the previous year "Beyond Reporting", as it seemed to us that the agenda around CSR is more advertising, corporate image building, many half-truths, and one or two good community deeds.

We should not be surprised by the Arab Spring, the Wall Street movement, the demonstrations in Europe and the 99% versus the 1%. We need to acknowledge that we live in a world dominated by greed and selfishness, and in a world where corporations dominate ideas and values. We could say we live in a corporatised world. This dominance is

reflected in government policy, playing by global economic rules, often to our economic detriment. Part of the argument is that each country should do what it can do best and for South Africa this means relying on mineral production and exporting this where it realises higher value through various beneficiation strategies. We need to be talking about what economic sustainability means and how it can be translated into development for people and how our minerals can develop South Africa and not how it can only benefit shareholders.

I was astonished when I heard that Cynthia Carroll, the CEO of Anglo American, boasted about the taxes paid by the Anglo group of companies to the fiscus of R6 billion in 2010, when one of their companies, Anglo Platinum made R47 billion profit. How much profit all the Anglo companies made I don't know, but this gives you some idea of corporate power over governments. This also tells us that something is very wrong.

For over 3 years now we have been in discussion over a research centre at the North West University. During this period we produced much ground-breaking research. We want to contribute to building a research centre that is different to the standard centres at universities. We want to contribute to a centre that begins to address CSR not from the business case of sustainable development but from the perspective that the community is the starting point of economic life.

If one really thinks about it, economics is about production and distribution that meets the needs of people, that is of service to humankind, and should not be in the interests of a few at the expense of many. Just how do we get this right when the present economic model is about a few benefiting and a trickle down of benefits to the masses that

we now see does not actually materialise? We have to ask a critical question. Is this moral, is it sustainable and how can we continue along this growth path that externalises costs onto people and the environment, and where corporations reap huge rewards? How do we change our thinking, our frame of mind, and actually challenge conventional thinking and the so-called wisdom of the markets, to bring about a better world, one based on inclusivity, participation, equal and fair distribution of benefits?

We have to realise that the natural environment is not a free cost for corporations but is an expense that should be taken into account and recorded. Shareholders need to recognise this and shareholders should not benefit at the cost of the environment and at the cost of communities. We have to consider national interests and in particular the interests of those most negatively impacted upon.

The churches in the USA have just disinvested in Wal-Mart due to their reluctance to recognise the rights of their employees to belong to trade unions and to collective bargaining. Significantly, their main concerns included low wages.

We need to recognise that it is us who give corporations a social licence to operate and it is also us who can change the present paradigm into one that is more sustainable, more life giving, and socially acceptable.

Thus we want a research centre that must be a global leader in linking community as the starting point of economic life and one that raises the bar, challenges corporations and governments alike with solid research that is progressive, and that begins to infuse into the sustainability agenda of poor people, those most excluded and marginalised. We cannot deny that the environment in which people live is closely tied to

social issues, which is the twin side of ecological issues. The Centre we envisage will be a world leader in promoting progressive values, empowering communities, and it will begin to address model corporate behaviour that contributes to building a better world, a world of hope and a world where economic benefits bring security, are more equitably shared and contribute to the overall development of society and that of human rights in general.

Therefore the Centre we are launching today – a joint partnership of the Bench Marks Foundation and the North-West University will be uniquely informed by the following **guiding principles** and **approaches**:

- I. Seek to study the rights of citizens and corporations with the understanding that if corporations are to be beneficial and accountable to communities at large, they cannot enjoy more rights than citizens.
- II. Study the role of corporations in society and their impact on democracy, the power of citizens, organised civil society, the environment, the economy and the role of governments.
- III. Study the corporations as well as the differential impacts of CSR on communities and owners of the corporations in an inclusive and participatory manner, with all stakeholders, across disciplines and different economic development models.
- IV. Conduct collaborative research with communities by Centre staff, research fellows and students; this will be done in collaboration with external practitioner experts from within the structures of corporations, civil society, trade unions and communities.
- V. Convene Policy and “Praxis Dialogues”, conferences, seminars and workshops that will bring together leading practitioners, academics, communities, corporations, government, civil society organisations,

trade unions and the media, to study and deliberate on the actual existing experience of CSR, within the perspectives of ensuring that the values and principles of justice, democracy and informed participation becomes a practice and culture within corporations.

- VI. Promote a culture of a “learning organisation” which will facilitate the creation of a participatory management culture for future generations, as well as those of today.

We look forward to a mutually beneficial relationship with the Stockholm School of Economics, Diakonia, Sweden and hope that we can learn from each other, and especially from the experience of Swedish Corporations and civil society. Sweden, we believe, is making many strides in this area, and thus this relationship is going to enrich us and the Centre.

Lastly I want to invite the honourable Mr Peter Tejler, His Excellency; Swedish Ambassador to South Africa, to address the audience and conclude today’s meeting. So much of the Bench Marks Centre for Corporate Social Responsibility depends on the support of the Swedish Government and, as I mentioned earlier, my knees are still very sore but now I can go home and relax them.

God bless and we look forward to a strong and mutually beneficial relationship.

Rt. Rev. Dr Jo Seoka

Chairperson of the Bench Marks Foundation