



Media statement by the Bench Marks Foundation

Amplats' shareholders cashed in; communities and workers still losing out

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FOR IMMEDIATE RELEASE

Amplats shareholders, rather than workers and communities, benefited the most from the “good years” prior to the global financial crash of 2008, according to a study by Bench Marks Foundation released today in Johannesburg.

The report, entitled “Coping with Unsustainability (2): A critical analysis of Anglo American Platinum Corporation (Amplats) Sustainable Development Reporting (SDR) from 2003 to 2015” is the 13th publication in Bench Marks’ Policy Gap series of evidence-based research.

Speaking at the launch, Executive Director of Bench Marks, John Capel, said he hoped that the report would be a “positive contribution” to assist Amplats and other mining companies to share their economic wealth more equitably, “so that, in the end, all stakeholders, including communities and their dependents, will benefit from the extraction of our natural resources.”

Capel says Bench Marks’ analysis of the economic key performance indicators (KPIs) disclosed by Amplats shows that the company made choices favouring shareholders over workers and communities during the period when it returned substantial profit.

“Amplats did not fairly share the value created from platinum group metals (PGM) mining with all its stakeholders. As annual gross revenue increased from R16.5 billion in 2003 to R51.1 billion in 2008 (a significant increase of 209.7%), annual dividend payments increased by a massive 406.7% from R2.7 billion in 2003 to R15.2 billion in 2008.

“At the same time, however, annual overall distributions to workers increased by only 101% from R4 974 million in 2003 (when there were 44 217 full-time employees) to R8 847 million in 2008 (when 58 103 people were employed full-time), whereas annual community spending in 2008 (R21 million) was only 91% of its level in 2003 (R23.1 million) - a 9% decrease,” the report says. However, from 2011 to 2015 this

amount increases, and in 2015 was R547 million. But one can argue that shareholders had already cashed in.

Capel adds that this skewed distribution of wealth and economic benefits extended to Amplats' workforce, including the quality of life and working conditions of its workers. Housing only represents 2.7% of dividends paid out to shareholders between 2003 and 2008.

"When the global economic crisis started in 2008, Amplats' situation changed dramatically... but not for the better. Though annual dividends were significantly lower for the period 2008 to 2015 compared to 2007 and 2008, so too was the total workforce, with contractors made progressively redundant.

"This occurred in the face of a lack of any clear evidence that the quality of life and working conditions of the remaining workforce had significantly improved. For example, there was no disclosure of minimum wage per employee category and gender, no clear statistics on the gaps between promises made on staff housing and actual delivery, and no health statistics such as on HIV/AIDS and tuberculosis, for staff members, their families, or local communities.

"At the date of publication of Amplats' 2015 SDR, the housing crisis facing workers remained unresolved. There were 5 743 employees housed in hostels, and 26 000 employees were still in receipt of living-out allowances, which, as acknowledged by the company, are often used for other purposes. This left 12 545 persons unaccounted for (44 288 total workforce disclosed in 2015 SDR2). The 26 000 workers receiving a living out allowance largely live in informal shanty towns or in backyard shacks, largely in dismal conditions," Capel says.

Turning to environmental issues, the Bench Marks study says that, while Amplats focused much of its attention on environmental management during the period 2003 to 2013, its detailed statistics on water use, sources and discharges do not explain their impact on people and nature, in time and space, and how Amplats effectively implemented the impact mitigation hierarchy.

"Furthermore, there is a complete lack of meaningful information on the impact on biodiversity and the ecosystem services used by surrounding communities. Reports on efforts to reduce annual air emissions tend to obscure the accumulated impacts of such emissions on climate.

"Amplats' contribution to GHG emissions accumulated in the atmosphere had risen from under 10 000 kilotons in 2003 to 72 059 GHG kilotons by 2015, thus putting into perspective the company's efforts at monitoring, managing and reducing both its Scope 1 (internally generated emissions) and Scope 2 (emissions due to purchased electricity) GHG emissions. Carbon neutrality for 2003 - 2013, at least for all Scope 1 emissions, should have been reached several years ago through carbon offset projects with social and biodiversity co-benefits," according to the report.

In the case of sulphur dioxide, Amplats' emissions remained constant between 2003 and 2013, showing no real decline, except for the slight decline in 2013 that perhaps

has more to do with the worldwide slowdown in demand for platinum than any meaningful effort to reduce SO₂.

Bench Marks' Policy Gap series consists of evidence-based research. The first Policy Gap on the six big platinum producers in the North West Province Bojanala district, noted by the media as seminal research, was launched in 2007. To date, 12 Policy Gaps have been produced, ranging in subject matter from copper, platinum and diamond mining, to relocated communities, the impact of mining people's health, and the Marikana massacre.

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