Media statement by the Bench Marks Foundation

Comprehensive model needed to measure mining impact

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FOR IMMEDIATE RELEASE

The mining industry urgently needs to adopt a comprehensive accounting model that will enable it to disclose all benefits and costs to stakeholders, the Bench Marks Foundation said today.

Speaking at the launch of its latest research in Johannesburg, Executive Director John Capel, said such a tool would allow all mining companies to calculate their annual net value added to society by accounting for all the direct and indirect positive and negative economic impacts of their mining activity.

Stakeholders include workers, their families, the communities surrounding mines, and those aspects that are silent, such as biodiversity.

“Although the study is specifically of Amplats, its findings are also applicable to the sustainable development reporting (SDR) of other mining companies. Its publication could lead to a new approach to SDR which will involve a deeper analysis of the impact of mining on all stakeholders, including workers and community,” Capel said.

Such a model should be able to account for all the direct and indirect positive and negative economic impacts of its mining activities, Bench Marks said.

Today’s publication is the 13th in the Policy Gap series of Bench Marks Foundation. Entitled “Critical analysis of Amplats Sustainable Development Reporting (SDR) from 2003 to 2015”, the report examines Amplats’ sustainable development reporting over a period of 13 years.

The publication notes that Bench Marks uses its own measuring instrument to assess the performance of mining companies.

“In this case we measured the company against its own commitments, but we strongly recommend that Amplats familiarise itself with the Bench Marks Global Principles (BM4) to improve its sustainable development performance.”

The report says the accounting model chosen by mining companies would need to:

- Identify and account for all key social and environmental positive and negative impacts in quantitative biophysical (ie all scales of biological organisation, from molecular to organismic and populations) terms. This is either only partly done at this stage (e.g. some environmental impacts), or is completely lacking for direct and indirect negative impacts on communities and other stakeholders (i.e. negative externalities);

- Assess the effectiveness of impact prevention, mitigation, and offset measures in quantitative, biophysical terms;

- Value, in economic terms, all those direct and indirect positive and negative impacts using economic valuation models (making transparent methods, data sources and values used); and

- Account for the net value-added to stakeholders, by adding positive externalities to, and subtracting negative ones from profit after tax.

According to the Policy Gap, these disclosures must include:

- Data and KPIs at the level of individual mines, and not presented at an aggregate, group-wide level, which tells nothing about local impacts;

- Minimum wage per employee category for Amplats and its contractors, as well as comprehensive executive wages and other benefits information, separate from total wages and benefits;

- Commitments to stakeholders at the local mining level, so that Amplats can be held accountable;

- The number of houses built per mine and per year, showing the differences between reality and intentions/commitments;

- The amount spent on the community, detailed per activity type and mine, but also in terms of actual outputs and impacts (i.e. what does it mean for the community?);

- The socio-economic and human rights dimensions of job losses and changes in land use due to activities associated with mining activities (including human migrations); and

- Details about how management will avoid a recurrence of the 2003 – 2008 period in which profits were mainly given to shareholders without any demonstrated net benefits to local communities and workers.

Bench Marks noted that the framework developed by auditing company KPMG was an example of identifying and quantifying material externalities.

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