

Media statement by the Bench Marks Foundation

Kumba Iron Ore needs to close the gap between money spent and its impact 3 June 2015

FOR IMMEDIATE RELEASE

Mining company, Kumba Iron Ore Limited needs to translate its financial outlay in surrounding communities into visible development impacts, according to the latest report released by the Bench Marks Foundation on 3 June 2015 in Johannesburg.

"There seems to be a significant gap between the money spent by Kumba and its impact on the communities," says Director for the Bench Marks Centre for Corporate Social Responsibility, Professor Freek Cronjé, during the launch of the organisation's report, entitled 'Floating or sinking' Social Licence to Operate (SLO): Kumba Iron Ore Limited.

"Our research has shown that Kumba, as reflected by the Socio-Economic Assessment Toolbox report (SEAT) and financial reports we went through, illustrated financial commitments to the communities surrounding its operation.

"But the crux of the matter is the mismatch of the needs or aspirations of the mining company with those of the communities. We also have to question the amounts being spent and whether it is adequate to address poverty, unemployment and inequalities surrounding Kumba operations.

"Between 2008 and 2011, 24.7 million was spent on enterprise development. This is a fraction of profits and Kumba need to reflect on how it contributes towards community development".

The report highlights the relocation and resettlement of the inhabitants of Dingleton as a major bone of contention for the communities.

Issues such as poverty, unemployment, health and health infrastructure, education, environmental health and racism were also some of the most prominent aspects community members complained about together with the exclusion of the Mapoteng and Dingleton communities from tangible benefits of the Kumba Corporate Social Responsibility (CSR) initiatives.

"Despite the contributions to health care from the mine, the community still experience chronic chest-related illnesses, sinusitis, asthma and tuberculosis," says Cronjé.

"Poverty and unemployment remain high on the "issue-list" for community members. They told us that the employment processes seem to specifically exclude and sequestrate members of Dingleton and Mapoteng from mining".

The report indicates that although Kumba has undertaken capacity building projects, entrepreneurial development projects, infrastructural developments, and donations to various community projects, the negotiations of a SLO by the mining company cannot be interpreted as proactive.

Says Cronjé: "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.

The report is the tenth edition within 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. South Africa produced 67 million metric tonnes of iron ore in 2013, making the country the world's seventh largest producer.

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 impacted upon.

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;

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- 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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