



Media statement by the Bench Marks Foundation

Flagship Kumba takes steps in the right direction but needs to do more

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FOR IMMEDIATE RELEASE

Community members welcome Kumba Iron Ore Limited's social responsibility programmes, but feel slighted as they were not consulted about their needs. They believe that the programmes and projects have been designed using a top-down approach, according to the Bench Marks Foundation in its latest report.

The report, entitled, 'Floating or sinking' Social Licence to Operation (SLO): Kumba Iron Ore Limited, was released by the organisation on 3 June 2015 in Johannesburg, and investigates the strengths and weaknesses in Kumba Iron Ore's policies in its efforts to gain and maintain a Social Licence to Operate.

An SLO describes and categorises the company's approach in terms of engagement with key stakeholders. It takes into account companies' responsibilities and stakeholder's rights and includes free, prior and informed consent by communities.

"Kumba Iron Ore is one of Anglo America's flagship mines as it has embarked on policies and programmes focused on transforming itself and the surrounding communities and has received numerous awards for best practice," says John Capel, Executive Director for the Bench Marks Foundation.

"But, despite embarking on programmes which include skills development, health and wellness programmes, infrastructure and entrepreneur development, it has failed to involve the real stakeholders in the initiation, planning and implementation of projects that are supposed to be geared toward their wellbeing.

"Also, there have been some unintended consequences to some of the projects they have embarked on. One of these is to do with the Envision Employee Share Ownership Scheme.

"When Envision paid out in December 2011, there was a huge increase in absenteeism as many employees only returned to work once their money was spent and they had to go back to work due to no finances. This indicates that Kumba management probably did not provide adequate counselling to workers receiving the dividend payouts".

In addition to the absenteeism, the report states that there was an increase in road accidents, divorce rates and sex workers into the area due to the Envision pay out.

"Another step in the right direction," says Capel, "is the appointment of an independent ombudsman in respect of the relocation of Dingleton.

"This ombudsman implemented an agreed-on complaints and grievance procedure for the residents. But the company must do more than that. It must take the lead in developing an independent fund and grievance mechanism covering more issues that will allow for recourse to justice for communities.

"There are too many quick remedies taken by mining companies. Kumba can take the lead by forming what is severely lacking in the industry. This will mean that instead of taking one step forward and a few steps back, the company will be far ahead of other mining corporations and become a champion with regard to transformation in the industry," says Capel.

Bench Marks Foundation and the Bench Marks Centre for Corporate Social Responsibility (CSR) at the North-West University's report investigates some of the programmes Anglo American's Kumba Iron Ore has embarked on and highlights the gaps it has uncovered and recommends some steps to close these gaps.

The report is the tenth edition of the Bench Marks Foundation's Policy Gap series. For more information on the Bench Marks Foundation, or to view the last nine reports by the organisation as well as other information relating to the Kumba research, go to www.bench-marks.org.za.

Amongst others, the Bench Marks Foundation calls for a new relationship between corporations, communities and ecosystems; equal participation of stakeholders and those most affected by the activities of corporations in the decision-making processes of companies; preservation and protection of the environment for present and future generations, and respect for the dignity of every person and human rights policies based on the Universal Declaration of Human Rights.

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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;
- 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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