



## Media statement by the Bench Marks Foundation

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### Unclear racial and gender composition within Kumba Iron Ore

3 June 2015

#### FOR IMMEDIATE RELEASE

It is impossible to disaggregate the racial and gender composition of the lowest paid workers within Kumba Iron Ore Limited from their reports, according to the new report entitled 'Floating or sinking' Social Licence to Operation (SLO): Kumba Iron Ore Limited released by the Bench Marks Foundation on 3 June 2015.

"It is therefore impossible to see the racial and gender composition of the lowest paid workers," says John Capel, Executive Director for the Bench Marks Foundation.

"Mining companies like to publish their board and management composition in terms of the targets set for the empowerment of black South Africans and women, but they fail to do the same with the rest of the staff.

"This skews the real view of what's happening within the company. Kumba and others need to be more transparent from the board down".

The research shows that although Kumba asserts that it supports South African employment equity legislation by promoting equal opportunity through the elimination of unfair discrimination and the implementation of affirmative action measures, the perception by workers in the company, and amongst community members, is that there has been no real transformation within the company.

"Workers interviewed for the report claimed that there are no white employees in the lowest wage categories and the representation of black employees decreases and that of white employees increases as one moves to the top of the wage pyramid," says Capel.

"Reports studied shows that Kumba is doing rather well in terms of Historically Disadvantaged South Africans (HDSAs), with 64% of the Board being black.

"But, as we've noted in the past, major mining corporations like Anglo American, of which Kumba is a subsidiary, likes to pick senior politicians from the ruling party to be on their boards.

"This is a problem as there are too many hidden agendas involved. Although the equity numbers look great on paper, it's not a true reflection of what's happening within the company.

"We have long argued that mining companies must move away from elitist practices that undermine democracy and secure favours. We want to see strong community representation on the board. Unfortunately, securing former politicians and public servants on the board does not equate to a social licence to operate".

The report shows that although the Mining Charter's minimum requirement for HDAs in management is 40% and 10% for women in the workforce, Kumba focuses on recruiting above these targets and states that it had 81.02% HDSAs in the workforce and 54.24% in management in 2012.

According to Kumba's reports, women comprised 17.23% of employees with 12.78% in core mining positions during that year.

“But with no real gender and race breakdown by wage/income grade or category, the reports possibly disguise what is really happening within the company and fuels the workers and community members’ perceptions regarding equity and transformation,” says Capel.

Capel says the Bench Marks Foundation strongly recommends that Kumba Iron Ore becomes more transparent and reflects the true race, gender and disability structures of the South African society in their recruitment practices as well as on their board.

“In addition, the revolving door between Anglo American’s branches in diamonds, coal, platinum and iron and the public utility Eskom and government must stop. They need to change their board composition and not include politically linked individuals or face the wrath of local impacted communities.

“In doing so, Kumba will lead the way in the industry and will distance itself from the current belief by the mining communities that it is encouraging racism, nepotism and politically jaded practices in the area.

“In addition,” says Capel, “by developing quality labour relations and practices, it will dispel the perception that the ‘mine does not care’.

The ‘Floating or Sinking’ Social Licence to Operate (SLO) Kumba Iron Ore Limited report is the tenth edition of 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.

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.

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.

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](http://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;
- 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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