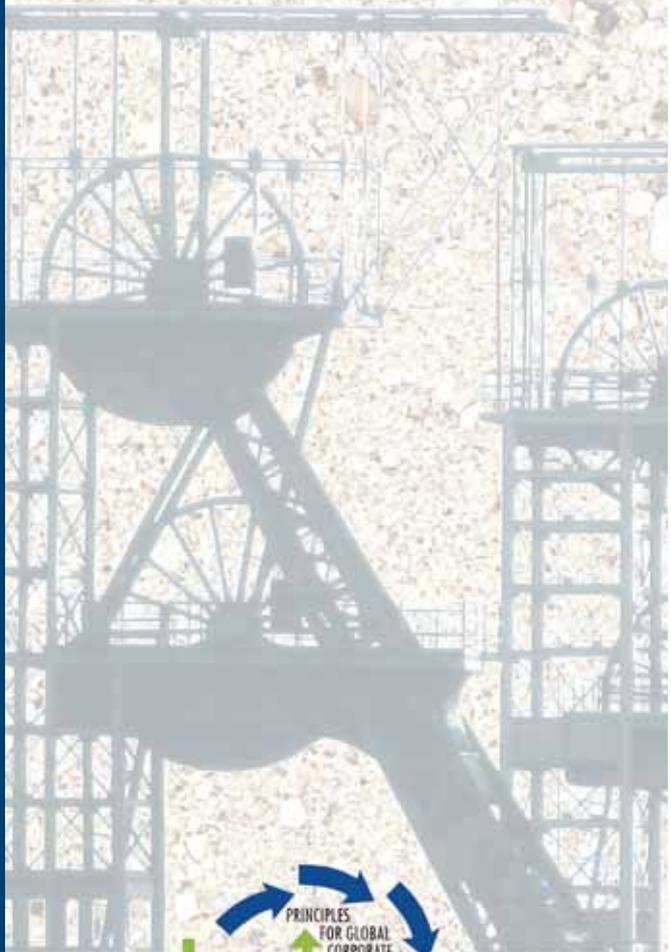


BENCH MARKS FOUNDATION ANNUAL REPORT

2010



In our understanding of global corporate responsibility, the community rather than the company is the starting point of economic life*



*Corporate language generally uses the word 'stakeholder' to include only those who benefit from the company's activities. In the corporate context the company, rather than the community is the starting point of economic life.

Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance

ANNUAL REPORT

2010

THE BENCH MARKS FOUNDATION

Mission

The Bench Marks Foundation is committed to providing leadership and advocacy on issues regarding benchmarking of good corporate governance, ethical and socially responsible investment as well as linking people and institutions committed to these ideals.

Vision

The vision of the Bench Marks Foundation is to promote corporate social responsibility and socially responsible investment.

CONTENTS

Chairperson's Foreword	3
Executive Director's Report	5
Programme Report	11
Dying to breathe – our fight against industrial pollution	20
Summary of Financial Statements	21

BOARD MEMBERS

Right Reverend Bishop Jo Seoka, Anglican Archbishop of Pretoria – Chairperson
Mr. Eddie Makue, General Secretary of the South African Council of Churches
Mr Allan Wentzel, Christian Development Trust (CDT) – Treasurer
Advocate Chana Majake (resigned)
Ms. Dudu Radebe, Ecumenical Committee for Economic Justice and Transformation (ESSET)
Fr. Mike Deeb, Southern African Catholic Bishops Conference (SACBC)
Ds. Piet Beukes
Mr. Mokethi Moshoeshoe
Dr Allan Boesak

HUMAN RESOURCES

Office Staff



John Capel
Executive Director



Moses Cloete
Deputy Director



Simo Gumede
Administrator



Brown Motsau
Programme Manager

Field Project Officers



Caroline Ntoapane
Vaal Region



Eric Mokuoa
Rustenburg



Hassen Lorgat
Community Support



Bobby Marie
Education Specialist

Research



David van Wyk,
Lead Researcher



Freek Cronje
NWU

Volunteers: 19 Trainees in the Monitoring Activists School

Media Consultancy: Quo Vadis Communications

Editing and Design: Leah Marais

Photographic credits: Marta Garrich, Bobby Marie, Moses Cloete, the Monitoring School Monitors

CHAIRPERSON'S FOREWORD

This is the 8th year that the Bench Marks Foundation has been operating and it is over the past five years that we have begun to have an impact on corporations and their social responsibility.

We were one of the first organisations to critically study corporate social responsibility (CSR), both in mining across the Southern African Development Community (SADC) and in retail, posing a challenge to corporations to go beyond reporting and compliance. Our studies have focussed on the gap between policy and practice and have confronted in particular the mining industry, and more specifically the platinum mining industry in South Africa.

The Bench Marks Foundation has established itself as a distinctive voice in the field of social responsibility through seminal research in the extractive industries and in retail in the SADC region. The organisation has developed a model community monitoring programme to capacitate community members to hold corporations accountable. It has also developed a research partnership with the North West University (NWU) and is developing a research centre called the Bench Marks Centre for CSR. The Foundation enjoys good media coverage in print, radio, local and international television and has a frequently visited and well managed website.

In addition to the above, the Bench Marks Foundation has carved for itself a niche area which enables partnership by certain key donors; is located within the Churches from where it draws support, and has a footprint that extends into the sub region and the continent.

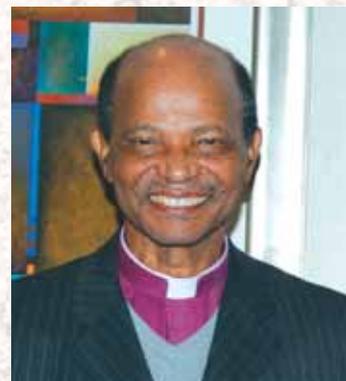
The Foundation has had an impact on corporations that resulted in raising the bar on what constitutes good CSR practices. We witness now a change in corporations' sustainability reporting with issues included that have previously been excluded from reports. We have managed to challenge how mining houses engage with communities where some have now set up local offices in communities and others have moved away from negotiating with their own preferred structures.

Our research studies on mining have stood the test of time, with many of our predictions coming true; that include the threat of acid mine drainage in Gauteng; the pollution of water and in particular threats to the Oliphant's river in the Cradle of Human Kind. We have influenced a portfolio committee on minerals whereby our input has informed policy on Mapungubwe, a World Heritage Site and simultaneously we have played an important role in influencing the South African Human Rights Commission findings on human rights problems relating to platinum mining and community engagement in Limpopo. Internationally we have a steady flow of research influencing international organisations on CSR.

However the context we operate in is governed by a structural problem governing corporations and states alike. Corporations have immense influence over governments' investment policy, especially over regulations governing operations, labour, communities and often lowering standards whether environmental, social or economic. CSR is a contested terrain, with bodies like the Bench Marks Foundation and its international church partners calling for binding regulations while corporations are calling for a more voluntary approach.

For civil society CSR means corporations internalising all the costs corporations pass onto society and doing business in a way that considers the broader environment in which they operate. This includes people, the ecosystem, deepening poverty and inequality, and the looming crisis of climate change.

Today's world faces a crisis of mass unemployment, rising poverty, mass social exclusion and a steadily warming planet that will make life impossible for people,



*Rt. Rev. Dr. Jo Seoka
Chairperson, Bench Marks Foundation*

"Corporations have immense influence over governments' investment policy, especially over regulations governing operations, labour, communities and often lowering standards whether environmental, social or economic."

animals and social cohesion. Yet today we have more and more billionaires, astronomically high salaries for those at the top of the food-chain, and CEOs earning millions upon millions a year. Even in this time of growing world despair, CEOs of leading corporations who have contributed to the world economic crisis reward themselves with public money that bailed them out.

The Bench Marks Foundation realises that CSR is an area where corporations will tell you how well they are doing, how good they are, ignoring the voices of communities and those who cannot vouch for them; communities who are more often than not worse off, whether they are local mining communities or broader society, as is the case of South African mining and retail supermarkets' expansion into the rest of Africa. Profits beyond all else, material greed, and shareholder returns dominate the debate, not sustainable development, and not the holistic development of people.

This crisis of morality where corporations dominate life, politics, philosophy and even our whole education system that serves the interests of a few, at the expense of many, remain challenges for the Foundation.

Communities tell us a different story, a story that dismays, a story that says CSR is not doing them any good; that what corporations say and do are two different things. The voice of the community and contesting the CSR space by putting communities first and economic and environmental justice at centre stage is the key challenge to democratising CSR.

The Bench Marks Foundation is founded by the Churches' call for a more just economy, one that is inclusive and recognises that economic life begins with communities. Thus the Bench Marks Foundation wants to break this corporate dominance and create a more just economy and thus a more integrated approach by corporations to CSR. This implies putting communities' interests first and integrating social, economic and environmental performance targets into decision making and line management responsibility.

I would like to thank all our donor partners, our networks in Africa, likeminded organisations, the Board of the Bench Marks Foundation and all the staff, who make the work of the Foundation possible.

Yours truly,

Rt. Rev. Dr. Jo Seoka
Chairperson, Bench Marks Foundation



EXECUTIVE DIRECTORS' REPORT

The year 2010 was a learning curve for the organisation as we examined how we operate and spent three months reviewing our strategic thrust and how we could integrate our core areas of focus. The Bench Marks Foundation has come a long way and has achieved many successes.

A new three-year strategic plan was formed during a three-month long process of review, streamlining and integrating the three core areas of focus. The three-year strategic plan starts to set out our vision for the next three years, what we aim to achieve and broad indicators of success. Whereas before we had a research focus on mining and retail stores in Africa called the SADC mining programme and the Africa Roundtable on Investment (ART), a programme called the Church and Ethical Investment Programme (CEIP) and our Voice Power and media advocacy programme, these have now been rearranged to allow for integration and alignment with our vision.

The rearranged programmes are now called: (A) The Community, Churches, ART (Africa Roundtable on Investment) focusing on network building, the monitoring school, the Church Leaders' Call for Responsible Investment and other work at a community level; (B) Research, the SADC Mining and ART retail research and research around the role of churches e.g. theological rationale; and (C) Advocacy, Media and Voice Power.

Previously each programme had all three elements imbedded; now they are separated under their respective headings. The three focus areas are now more clearly integrated, for example research with network building, media and advocacy. The fundamental focus remains, but is structured differently.

Apart from the organisational development achievements (managing growth) and sustained fundraising, the Bench Marks Foundation has established itself as a distinctive voice in the field of social responsibility. The organisation's research into platinum mining was seminal research in terms of profiling the "policy gap" analysis and further research work of good quality was conducted in the extractive industries and in the retail sector. The Bench Marks Foundation has developed a model community monitoring programme to capacitate community members to hold corporations accountable and received good media coverage in print, radio and local and international television.

In addition to the above, the Bench Marks Foundation has carved for itself a niche area, one which enables partnership by key donors; is located within the Churches from where it draws support and has a footprint that extends into the sub-region and the continent.

THE CONTEXT

The context in which the Bench Marks Foundation operates is characterised by continuity (certain factors such as poverty, exploitation and the pervasiveness of weak corporate social responsibility (CSR) persist over time) as well as turbulence and change.

In the political realm, there have been changes in the South African government occasioned by certain disruptions in the ruling party, the latter in reference to contestation power groups as well as a change in culture. The government currently lacks sufficient 'will' and capacity to monitor and use its influence to apply pressure to major corporations or companies in specific sectors regarding their wider impacts on society.



Mr. John Capel
Executive Director

"The Bench Marks Foundation has developed a model community monitoring programme to capacitate community members to hold corporations accountable."

"Elites in society push an African 'developmental' agenda based on self-serving interests, leaving the majority of people excluded from any meaningful development."

In relation to companies, the world of business has not been able to overcome fundamental problems relating to the way it works. When using classical economic indicators like Gross Domestic Product (GDP) South Africa is rated highly and appears as one of the wealthiest countries in Africa; but on the Human Development Index the country is ranked at a lowly 110, pointing to stark inequalities. There is pressure on the democratic government to show whether the practices of big business sustain or worsen this picture of social injustice and inequality. This pressure is also evident in the region, in particular in the countries we have studied with regards to mining or retail supermarkets. Stark inequalities are prevalent in Zambia, the Democratic Republic of Congo (DRC), Malawi, Botswana, Swaziland, Tanzania and Zimbabwe.

Africa is severely under-resourced in terms of human development, opportunities for economic growth, and the vast majority of countries are seen as developing economies. Africa is also rich in mineral resources but also trapped in the 'resource curse', weak governance and corruption. At the same time the continent is an attractive investment destination particularly because of its vast mineral wealth and weak governance systems. Africa is also the preferred destination for a host of South African companies, whether in mining, retail, electronics, telecommunication or banking services. They compete vigorously with existing investors from Europe and lately from India and China.

Investment in itself needs to be analysed as it often leaves countries further impoverished. Elites in society push an African 'developmental' agenda based on self-serving interests, leaving the majority of people excluded from any meaningful development. In South Africa and many other African countries mining is seen as the preferred route towards empowerment, with elites being empowered and few benefits trickling down.

It seems as if most African governments only look at the short-term benefits of investment without taking a longer-term view of harnessing and developing sustainable practices. To give an example, Botswana and De Beers' marriage hailed by the World Bank and others as a true mining and government partnership, is in fact to the detriment of the economy. The economy relies on one commodity (diamonds) and one company (De Beers). But the true wealth of diamonds lies in cutting and polishing and this wealth is transferred to cutting and polishing practices in Israel, India, Antwerp and London. Local beneficiation is rudimentary and diamonds will dry up in the next 14 to 20 years in Botswana. Where will this leave Botswana?

The Bench Marks Foundation sets out to examine the sustainable development footprint of mining and retail whilst developing a focus on the role of the financial sector in mining. The Foundation's aims are to monitor these companies' practices as they relate to corporate social responsibility and to hold corporations accountable to local communities and to international standards governing human rights and sustainable development. Not only are we interested in evenly developed economies; our economic sustainability focus goes to the heart of Africa's developmental needs. Closely linked to this is the environment, water, air, agriculture, eco-sensitive areas and biodiversity and how this not only impacts on the natural environment but also on people's livelihoods and on development. The social fabric of society is often the victim as short-term business profit maximisation uproots people, destroys kinship and family relations, increases mental illness and depression and especially impacts on women and this leads to security concerns and unstable societies.

The positives of business (e.g. creating jobs) are offset by the widespread existence of business practices, especially by dominant players, which actually deepen inequality, make life harder for the excluded, and which either use or dispose materials in a way that damage the prospects of future generations, rich and poor. The same goes for the economic system as a whole: the positives of economic development based on the free market or mixed economy are qualified as benefits but are



distributed unequally (e.g. between management and workers) and denied to the excluded.

These harmful realities are displayed most plainly in the extractive industries or companies involved in chemical processing where harsh consequences are borne by communities or where future generations are left with enormous costs of past environmental damage. Global factors such as high profile disasters and economic crashes lead to flows (more regulation and control) and ebbs (retreat from commitments made). However, it seems the focus on carbon emissions, although genuine, after "signing up" is painfully slow, will be sustained – thanks to political interest in this matter and the fact that the entire process has been discussed in terms of incentives and financial gain and loss.

In our region, the context needs to be understood in a historical sense of the role of companies in South Africa and the rest of Africa. The realities of colonial and apartheid history form a backdrop; business has progressed away from cruder practices in terms of labour rights, undermining of human rights and exploitation and has developed a better image and more enlightened practices. However, gaps in compliance and cynical compliance with regulations aside, there is a long way to go before corporations are willing to take proper responsibility for their conduct in wider terms – the environment, human rights and the local economy.

CSR as a phenomenon and as a self-regulating mechanism has emerged in this situation alongside a global process to institutionalise the notion of business with a human face. However, most CSR is dominated by marketing and reputation objectives for public image concerns. The conventional model of CSR does not effectively address the wider social impacts; many CSR measurement tools and ratings processes, rather than transforming companies, are skilfully manipulated to secure marketing gains for companies.

The voice of the Bench Marks Foundation and the use of its methodology are as critical as ever. The situation calls out for the work of the Bench Marks Foundation to be expanded, and for the work of the Bench Marks Foundation to be inserted more effectively into the programmes of organisations which share its goals for social and economic justice targeting the practice of big business and corporations.

The Bench Marks Foundation continues to promote a business model of CSR that is developmental in focus and that builds sustainable economies. This is a model that recognises that business objectives must go beyond profits to ensure sustainable practices that consider the broader environment in which it operates. This model is consistent with human rights and recognises that economics is a subsystem within the bigger ecosystem and should thus operate accordingly.

Artisanal miners on Glencore concession in the Katanga Province of the DRC.



MAIN ACHIEVEMENTS

The year 2010 was one of consolidation, reflection, and integration, with some limitations due to the flow of funds. We accomplished a number of objectives, took up new challenges, and hosted our first public Annual General Meeting.

Research: SADC Mining, Retail and BM Research Centre

This was the year of reflection on how we do research and how research on multinational companies can be linked into our community monitoring programme and how the community monitoring programme feeds the research agenda. We for some time have been concerned about the lack of community voices in our research outcomes and how communities can be more effectively empowered to own the outcomes and act on them. This forms the core of our new and integrated policy going forward. Thus we integrate our research with our work in communities and are beginning to develop tools of analysis to assist communities and non-governmental organisations (NGOs) to analyse corporations.

The Foundation is working on two toolkits, one a more in-depth way for NGOs and communities to understand corporations, and the second a community perception tool relating to CSR. These tools are being incorporated into our community monitoring school and our Africa Roundtable (ART) programme's focus on Massmart.

2010 was a slower year research-wise due to some financial constraints, yet we managed to do desk-based research on Massmart which is soon to be taken over by Walmart. We also released a study on cobalt mining in the DRC with the support of CAFOD in London.

We are having an impact at both corporate level and at government level where mining houses in their sustainability reporting now take the issue of communities more seriously. Susan Shabangu, Minister of Minerals, has repeatedly emphasised the need for mines to properly engage with communities and to have plans that benefit communities. In particular Anglo Platinum is feeling the heat and is being forced to review how they deal with communities. The new online prospecting rights applications for mining seem to be moving in a direction where bidding will take place, and this might allow for the most responsible investor to gain the rights to mine. But it is a space that needs to be watched carefully.

We have focused too on the development of the Bench Marks Research Centre for CSR at the North West University (NWU). Considerable time has been spent on reaching agreement on the terms of reference and we still have to agree on the final name for the centre and how intellectual property rights will be dealt with. Our aim is to have a centre that promotes critical CSR perspectives, that addresses CSR from a community perspective, that promotes the concept that economic life begins with the community, that goes beyond the compliance focus, and that can assist in radically changing the agenda of CSR to a more developmental and sustainability approach, and where corporates integrate non-financial core standards into their operating practices and performance management agreements.

In 2010 we had three PhD students looking at legislation in mining, women in mining, the rating agency and the development of a corporate and community personality test.

The Bench Marks Foundation researchers joined in an advisory capacity, civil society teams from the DRC, Zambia and Zimbabwe in collaboration with Southern Africa Resource Watch (SARW) in visits to the Metorex Ruashi Mine in Lubumbashi, the Metorex Chibuluma Mine in Zambia, Zimplats Ngezi Mine and Impala's Mimosa Mine in Zimbabwe. Management and communities were met following concerns raised by mine management about a SARWATCH report published earlier in 2010 on the CSR practices of South African mining companies in SADC.



"We integrate our research with our work in communities and are beginning to develop tools of analysis to assist communities and non-governmental organisations to analyse corporations."

Community Capacity Building and Monitoring

Developing a Model Community Engagement Process

We were criticised for entering into a Memorandum of Understanding on behalf of the relocated Magobading community in Limpopo with Anglo Platinum. Our critics felt we were selling out, all because we were challenging how Anglo engages with communities. As a faith-based organisation we are prepared to take risks that will enhance our work and contribution to society and its wellbeing. For the first time Anglo Platinum has been forced to divulge information to the community such as their title deeds and social and labour plans never seen before in the public domain.

The Monitoring Activist School

This programme continues to grow and has been extended into Malawi and Zambia. In 2010 along with key selected monitors from the 2009 class, we trained 19 monitors in South Africa and in the last three months of 2010, seven monitors from Malawi and 17 from Zambia. In South Africa the Monitoring School covers four big mining and steel producing areas: Gauteng, Limpopo, Mpumalanga and the North West Province. In Zambia it is on the Copperbelt and in Malawi, in Karonga nearby the uranium mine of Paladin, an Australian company.

The project is community and web-based and each monitor has their own blogging page. The challenge going ahead is to strengthen the action side of the Monitoring School. While the monitors are able to capture and interpret what is happening around them, the need is to deepen this understanding and move into manageable actions.

Going ahead in 2011 a platinum review will be conducted involving monitors across the platinum belt, which is in the North West Province and Limpopo and possibly extending into Zimbabwe.

This highly visible programme remains our most important showcasing work, and strengthens communities as each monitor is linked to a community organisation to which they report back. Tools are in the making to assist the monitors to be more effective and action orientated. Thanks to the project team: Bobby Marie, Eric Mokuoa, Caroline Ntaopane and Brown Motsau.

Advocacy

At the Mining Indaba 2010, we along with church and civil society bodies from across Africa got the Inter-Ministerial Mining Ministers to agree to consult with civil society in the African Union on resource extraction and sustainability practices.

The World Bank requested input from the Foundation on the Medupi Coal Plant, and we shared with them a number of our *Policy Gap* studies on mining, posing a serious challenge to the World Bank sponsored coal developmental path.

The European Investment Bank invited the Foundation to give critical input on the John Ruggie process of due diligence and we spoke about weak or non-existent performance standards and raised concern about international finance and bilateral agreements conflicting with responsible investment guidelines.

A number of international visitors passed through our offices including the International Red Cross who spoke to us about business in conflict zones and Mary Joyce Carlson, previously of the Bill Clinton administration, who met with us to discuss the Johannesburg Stock Exchange SRI Index, shareholder activism and United Nations investment criteria.

On the World Cup not only did we enjoy the beautiful game we arranged along with Khulumani an alternative theme park in Soweto, to raise awareness around the gold and platinum mines nearby many of the stadiums. We gave journalists from Italy and elsewhere tours of old gold mining areas and showed them the costs of mining to people and the environment. We encouraged visitors to enjoy the beautiful game but



"The programme strengthens communities as each monitor is linked to a community organisation to which they report back."



"We encouraged visitors to enjoy the beautiful game but to be aware of polluted water and ground contamination surrounding Soccer City..."

to be aware of polluted water and ground contamination surrounding Soccer City. We invited the media to topical discussions and pushed an agenda for corporations to bear the costs of past and present externalisation of costs.

Voice Power – Media Advocacy Programme

Our Voice Power Programme saw us continuing to get wide press coverage in Botswana, the DRC and a number of European presses including Germany, Switzerland, Sweden and France. We have also made inroads to two new daily newspapers in South Africa. We received a number of requests especially from international students working on sustainability issues regarding mining and last year we assisted students from France, Denmark, and the Netherlands.

We face a number of challenges going ahead on how to transform corporate behaviour. Our key thinking still promotes levelling the playing fields and capacitating communities to engage effectively with mining and retail companies. This requires that we push our demand for independent funds in the mining sector to allow communities access to their own expertise; challenging big corporations to go beyond compliance and effectively address these knowledge gaps. This requires access to information and the on-going media coverage to highlight gaps in corporate behaviour.

Equally of importance is local economic development whether relating to mining or South African retail companies in Africa. In mining people are relocated to make way for mining, but they often move from a rural economy into a market economy suffering cultural shock and displacement. In the retail sector with international corporations like Walmart buying South African owned Massmart, local suppliers and small business will be displaced. This will impact on the economic sustainability of both rural mining communities and local economies in Africa.

Part of the global economic problem is profits that grow despite the moral implications of excessive profiteering and how this effects economic development and contribute to job losses and unsustainable practices where costs are externalised?

The *Church Leaders Call for Responsible Investment* led by our chairperson, Bishop Jo Seoka continues to gain momentum. 2011 will see the Foundation push harder for church leaders to adopt the Call and then to have a big conference in 2012 to formally launch the initiative. Church leaders remain our key focus as it is by raising the moral and ethical voice that will strengthen the work of the Foundation. The Call is integrated with our Africa Roundtable on Investment programme.

We are often asked how the Foundation manages to do all this work. Part of the reason is a strong and determined Board and having the right people in the organisation together with a number of consultants who are effectively only in the employ of the organisation and together we are able to mastermind our destiny. There are however human resource gaps, namely in research and administration.

We wish to thank Christian Aid, EED, Diakonia, Bread for All, Development & Peace and ICCO for their core support, NiZA and IANRA for their project support and Diakonia for assisting us in our strategic review process and Norwegian Christian Aid for assisting us to extend our work to Tanzania and Zimbabwe and for support both in kind and money. Special thanks go to EED for their increased financial support.

Thank you Moses Cloete, deputy director, for the special and strategic role you play in building the Foundation and to Simo Gumede who tirelessly helps to put everything together. Lastly we thank our latest recruit, Hassen Lorgat, who is assisting us to strengthen our links with unions, and for working on the case study in Magobading community in Limpopo.

Mr. John Capel
Executive Director

PROGRAMME REPORT

SADC MINING AND ADVOCACY PROGRAMME

Objective 1.1 Conduct research on key South African mining multinational corporations and others operating in Southern Africa and Africa as a whole focusing on the gaps between their policy and actual practices using the Bench Marks Principles for Global Corporate Responsibility to measure these companies.

AngloGold Ashanti Research

A research report entitled *Golden Opportunity or False Hope?* on AngloGold Ashanti's proposed gold mine in the Democratic Republic of the Congo (DRC) was completed and released on the 25th January 2010 in Kinshasa and in Johannesburg. This was a joint report done with CAFOD the lead organisation and Concentration de Cadre (CdC), an NGO from the DRC.

Speakers at the press conference in Kinshasa included representatives of CAFOD, the Bench Marks Foundation, the CdC and the Natural Resources Commission of the National Catholic Bishops Conference. Following the press conference AngloGold Ashanti provided a formal written response to the research report and indicated that on the finalisation of the contract they would share further information. The research has resulted in widespread media coverage in the DRC; community involvement and engagement with the company. This has not led to any change yet in the company's approach, even if the communities affected have been able to voice their concerns through the report. This is an environment where it is difficult for communities to do that without the collaboration of international and other country-to-country partners. Going forward there is a need to find local partners that can assist actively in the research and follow up the recommendations made to the company.

Research on Glencore in the DRC

A research proposal looking at the involvement of Swiss-based companies in the DRC was narrowed down to look at the operations of Glencore, the world's largest commodity trader, in the Katanga province. Two field visits were conducted and the results were used in an annual Lenten campaign conducted by Bread for All and Catholic Lenten Fund in 2011. The research focused on the corporate governance practices of Glencore in the Katanga Province of the DRC regarding specific issues, e.g. artisanal mining, labour practices and the living conditions of people living in the surrounding areas of the mining operations. One of the findings of the research was that urgent interventions were needed by the international community, aid agencies, the DRC government and mining companies to effectively regulate artisanal mining and eliminate the exploitation of women and children in this region.

Revisiting *Policy Gap 1* Report

Our plan to revisit the work done in the 2007 *Policy Gap 1 – A Review of the Corporate Social Responsibility Programmes of the Platinum Mining Industry in the North West Province* which looked at the impact on communities was completed in December 2010. Based on the recommendations made in the 2007 report, progress made by mines in the area will be evaluated to assess the report's impact on company practices. We use an Action Research approach and together with researchers from the North West University, activists from Rustenburg monitor the changes that have taken place since 2007 using the Community Perception Index developed in the Mogaboding area in Limpopo.



Golden Opportunity or False Hope?

AngloGold Ashanti's proposed gold mine in the Democratic Republic of Congo



GLENCORE



Women have a range of roles in artisanal mining, ranging from actual mining, to the washing of minerals as well as forming part of the transportation process.



Mogabading community members on their way to a general meeting.

Objective 1.2 Develop a model community engagement approach between one mine and one community in the Limpopo Province of South Africa.

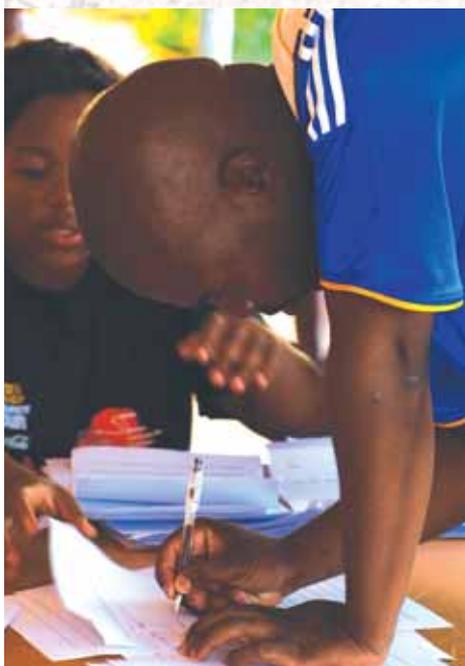
The process to develop a specific model for community engagement between Anglo Platinum and the relocated community started, in the second half of the year, from a framework of principles developed in previous years. The Mogabading community along with others were relocated over a number of years by the mine to make way for mining operations. The communities were relocated to a nearby township. While the company claims that the community agreed to its relocation this has been contested by elected representatives of the community. The community found the new houses to be inadequate, poorly constructed and far from community amenities. Anglo Platinum ignored elected leaders and instead engaged with their initiated and funded Section 21 Not for Profit (NPO) non-governmental organisations. This problem is not uncommon in areas affected by mining and thus the initiative to develop a model engagement process that could be replicated in other mining areas in the continent.

The community perception study was presented in a meeting mediated by Milieu Kontakt International, a Dutch NGO that participates in the Platinum Group Roundtable, to Anglo Platinum and a number of European NGOs and community representatives. Anglo Platinum accepted the recommendations contained in the report and agreed to the development of a Memorandum of Understanding which was signed in Paris, France at a Platinum Roundtable Meeting. It was also agreed with Anglo Platinum to have a community meeting in Limpopo in May 2010. This meeting was stormed by community thugs organised by one of the Anglo aligned Section 21 companies and the meeting was called off. That same night community members were harassed, intimidated and threatened. After a failed mediation attempt in August 2010, Anglo Platinum decided that they would deal directly with the affected communities, in a manner that suited them.

The BMF has strengthened community capacity through establishing a formal and legal structure, the Mogabading Relocated Community Organisation. Elections were held where the Foundation ensured that women and youth were equitably represented on the Executive Board. The elections were important to show who the legitimate leaders in the community are. The Foundation and the community organised a number of house-visits and participated in at least two general meetings to obtain a mandate to request information from Anglo Platinum about home ownership, the terms of the relocation, the nature of the consultation and consent received to move prior to mining, as well as broader environmental impact assessment, social and labour plans, etc. for the 90-odd individual households. A request for information was signed by a Commissioner of Oaths and delivered to Anglo's management as part of the Access to Information Campaign led by the Foundation. While some information have been received, the Foundation has been asked to sign a Non-Disclosure Agreement which may limit how learning takes place with other communities.

The Foundation has raised the issue of Anglo Platinum's bad faith towards implementing the MoU with church-based partners in Germany and the UK, where a number of ethical investors raised the issue with Anglo American. The Central Methodist Church in London wrote to Anglo American and our German partner, Südwind asked their socially responsible investors to be in contact with the Bench Marks Foundation for more information.

The agreement signed with Anglo Platinum held the promise of a landmark agreement that could be replicated in other communities. However, the process of arriving at a model community engagement is an ongoing one and Anglo has shown that it has the means to delay and frustrate the way they engage with communities. Communities' organising capacity has to be increased to successfully challenge corporations together with a range of organisations in solidarity.



Community members signing nomination forms to elect the Mogabading relocated community committee.

Objective 1.3 Develop a mine closure plan on the West Coast of South Africa that leads to improved local economic development.

Engagement with De Beers, South Africa

After the release of the *Policy Gap 4 Corporate Social Responsibility in the Diamond Mining Industry on the West Coast of South Africa* research report in 2009 and subsequent meetings with De Beers in which the company gave detailed plans to develop the area in line with the recommendations of the report, the plan is to revisit the West Coast in 2011 to see if any of the recommendations have been implemented.

A proposal that was put to SANPAD included follow up work in the West Coast. The proposal went through four stages of the evaluation committees, but was turned down in the final stage. However, a private consultant was asked by De Beers to develop plans similar to the Foundation's proposal on post-mining economic life. This follow up study has been put on hold while we develop capacity to follow through. One of the main challenges is to secure funding for follow up processes and it is hoped that this can be done through the development of the Bench Marks Research Centre at the North West University.

Objective 1.4 Continue to develop an overview of the legal and policy framework of several countries in SADC, together with partners in networks on extractive industries to understand the policy framework of extractives industries.

Two separate studies on the DRC were undertaken. One was completed in 2010 on AngloGold Ashanti and the second, focusing on Glencore, was completed in early 2011 and is currently available in French on the Bread for All website.

Objective 1.5 To supplement the legal and policy framework study with case studies of mining corporations using local researchers and building research capacity.

The report on the DRC looked at the legal compliance and frameworks that the Swiss companies operate in and adds to our existing body of studies.

In 2011 we will complete further studies on the DRC and will revisit the first *Policy Gap 1* on Rustenburg (2007) which will bring to eight the number of reports produced in three years. A further research study is planned with the Tanzania Interfaith Committee in close collaboration with the Norwegian Church Aid.

Objective 1.6 Develop policy recommendations and position papers for South Africa informing legal and policy environment.

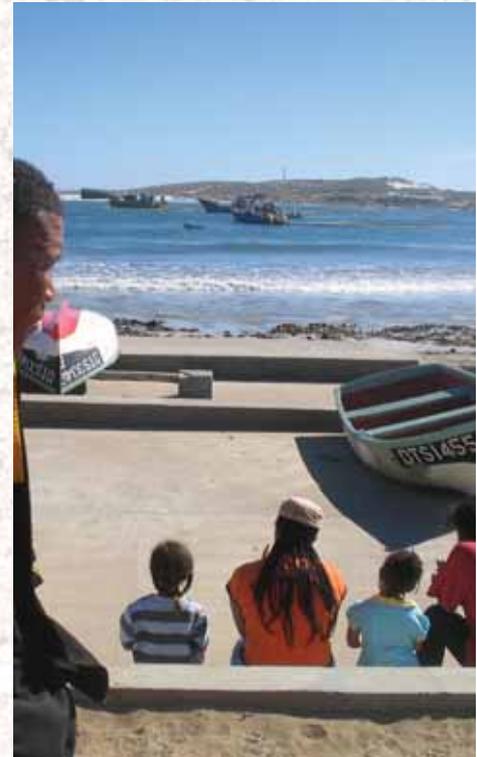
The development of position papers mentioned in the 2009 reports are being integrated in our broad advocacy work and work with other networks and alliances.

Objective 1.7 Develop and strengthen the research partnership with the North West University and the Bench Marks Research Centre for CSR.

Bench Marks Research Centre for CSR

Several meetings were held with faculty members during the course of the year. The Centre is in the process of being approved by the University and they have made funds available from university resources for its operation. A provisional Memorandum of Understanding has been the subject of many revisions and will need to be completed before a public launch of the Centre.

Course modules have been developed and enrolment for Masters Studies has commenced. The Foundation is in the process of developing short courses for community activists and staff from NGOs. The aim is that activists from the Monitoring School would be able to attend and enhance their skills through formal studies.



Community on the West Coast of South Africa.

DE BEERS
A DIAMOND IS FOREVER

"Communities' organising capacity has to be increased to successfully challenge corporations together with a range of organisations in solidarity."

The main advance made to date is the recognition of the Centre by the University and the joint proposals planned. We are in the process of raising additional funds for the Centre and we have been in contact with the Swedish Embassy who agreed to support the development of a partnership agreement.

The Bench Marks Foundation Centre at the NWU hosted a PhD candidate from the University of Oxford which strengthened our existing relationship with the SAID Business School at the University of Oxford. During the year three PhD students were busy with studies on different facets of Foundation projects including legislation in mining and developing a 'Corporate Personality'.

Prof Cronje, who coordinates the input of students was approached and nominated by the University of Oxford at the beginning of 2010 to act as Expert Advisor for the OECD's Due Diligence Guidance for Responsible Supply Chain Management of Minerals from Conflict-Affected and High-Risk Areas.

Objective 1.8 Contribute to the development of networks and alliances that will strengthen lobbying and advocacy initiatives.

Norwegian Church Aid Partners' Collaboration

Following on from a meeting held with partners of the Norwegian Church Aid (NCA) the Bench Marks Foundation together with the same partners organised an Alternative Mining Indaba in Cape Town in January 2010. At this meeting held in parallel to the Mining Indaba, an intra-Africa industry forum, strategies were shared and preparations made for the meeting of ministers that followed the Mining Indaba. In the African Ministerial Partnership Meeting the Bench Marks Foundation was part of a delegation of church-based organisations that delivered a paper calling for a sustainable mining development agenda. In that meeting the delegation got ministers to agree to consult civil society on the African Mining Framework.

Tanzania Interfaith Committee

An information exchange in Tanzania took place as a follow up to the visit of the Tanzania Interfaith Committee (TIC) in 2009 and the subsequent meetings with NCA partners. The mining communities of Barrick, a Canadian mining company and Geita Anglo Ashanti which is a South African subsidiary of Anglo American were visited. The NCA contributed significantly to the costs of this event, by funding the costs for air tickets and accommodation in Tanzania. As a follow up a participant from the TIC participated in a consultation meeting of the Africa Roundtable. There is much that the Foundation can share with groups in Tanzania, including partnering on research projects, building interfaith leadership through the Church Leaders' Call for Responsible Investment, and promoting exchanges among church leaders and community activists.

International Alliance on Natural Resources in Africa (IANRA)

The Foundation participated in the IANRA network and was elected to the Steering Committee which has been the locus for developing a number of collaborative projects in the SADC. This includes the Joint Community Monitoring and Action Research Project, a capacity building project on mining communities affected by uranium mining, and the strengthening of a Joint Mining Forum or South African IANRA Chapter, that allows for exchanges between mining affected communities in South Africa.

Locally we have given emphasis to the development of closer links with Action Aid South Africa and Freedom of Expression Institute, both members of the IANRA in South Africa. What has been agreed is the establishment of an Extended Working Group that involves a number of organisations. An exchange between communities



and a national meeting of communities from mining-affected areas took place and involved communities affected by platinum and gold mining.

The Bench Marks Foundation had two joint meetings and an exchange with Caritas Ndola (Zambia) and the Citizens for Justice (Malawi), to share strategies to roll out the Monitoring School in Zambia and Malawi. Pilot programmes were developed based on an indigenised version of the South African experience. The extension of the programme has been developed under the auspices of IANRA.

Legal Policy Coordinating Committee

This broad alliance comprises the partners in the South African IANRA Chapter, a number of attorneys, community organisations and NGOs that have defended mineworkers and affected mining communities. This work is focused on litigation around issues of administrative justice, consultation, access to information, and how to define free, informed prior consent.

AIMES and Third World Network

The Foundation participated in the 24th Annual Strategy of Third World Network Africa Initiative on Mining, Environment and Society (AIMES) initiative in Mali. This effectively is a roundtable that allows organisations working on the extractives sector to situate their work in a continental perspective and share strategies and development of joint demands on mining and its impacts on communities and countries in the continent. In August 2010 the Bench Marks participated in the Third World Network Activists School in Ghana. The meeting allowed us to situate our work in the continent in a broader political economic context.

AFRICA ROUNDTABLE ON INVESTMENTS

Objective 2.1 Conduct and develop a body of research on the conduct of South African retail multinationals expanding into Africa and focusing on their contribution to local economic development.

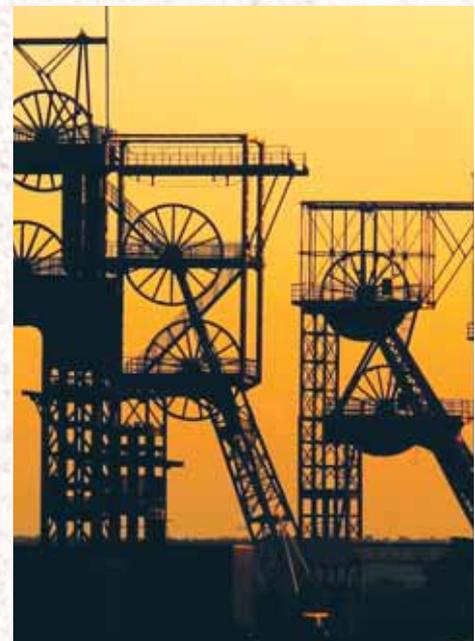
A desk-based research has largely been completed on Massmart, a leading retail chain store giving a broad overview of the corporation's operations in Africa. Closer links with organisations in the region are planned to assist in a study of community perceptions in specific countries and for a field study on Massmart's impact on local economic development.

In a consultation meeting of the Africa Roundtable on Investment (ART) it was agreed that a study will be conducted on a Massmart branch in either Malawi or Zambia. In South Africa given the likely approval of the merger with Walmart a baseline study of Massmart is planned for future monitoring of the corporation in the region.

Objective: 2.2 The development of guidelines and principles for a code of conduct to be supported by the churches on the continent and in South Africa through a Church Leaders' Call for responsible business practices.

A number of church leaders from the continent endorsed the Church Leaders' Call for Responsible Investment which promotes responsible business conduct on the continent. We also received endorsement for the Call from the Interfaith Committee in Tanzania and 32 church leaders present at the Foundation's Annual General Meeting in April. We took the opportunity offered by the extension of the Monitoring School to Zambia and Malawi to engage with faith-based organisations and other civil society organisations to lay the basis for further support of the Call for responsible business.

In the ART consultation meeting it was agreed to decentralise the work of the Africa Roundtable. It was also agreed to critically look at multinational companies, in



particular South African companies, hosted in the countries where members are represented. The ART was tasked to convene multi-stakeholder meetings of civil society organisations in the host countries, with an intention of starting local Africa Roundtable meetings to discuss challenges and local remedies. It was also tasked to promote the Church Leaders' Call for Responsible Investment with interfaith structures and collectively to seek more religious leaders, CSOs and labour movement support in sympathetic countries to endorse the promotion and use of this call for responsible business conduct by multinational companies.



Church leaders and delegates at the 2010 Bench Marks Foundation Annual General Meeting.

COMMUNITY AND CHURCH PROGRAMME

Objective 3.1 To work with local communities and churches and specifically church ministers to raise their awareness on corporate injustices and to assist them to deal with local community concerns.

Work with the communities has been via the Monitoring Action Project, where the Bench Marks Foundation Project Team works with local activists.

Journalists from various media organisations and international organisations such as our partners from Diakonia Sweden were taken on 'toxic tours' showing the impact of mining on the environment. Toxic tours were taken in Rustenburg and the Ikemeleng community close to Aquarius Mine, sites in and around Luka and Phokeng where open cast mining takes place and the streams close to the Impala refinery.

Objective 3.2 Continue to influence the Provincial Council of Churches in Cape Town and KwaZulu-Natal to influence an agenda around multinational corporations' practices and impact on communities.

Although we have been doing some work with our partners in KwaZulu-Natal and Cape Town, we have had to prioritise Gauteng, North West, Limpopo, Free State and Mpumalanga. In Mpumalanga we began a new focus on coal mining and the impacts on communities which will include a planned exchange programme amongst the communities affected by coal mining activities.

We continue to participate constructively in South African Council of Churches (SACC) meetings. The Southern African Catholic Bishops' Conference (SACBC) Justice and Peace Johannesburg Diocese have seconded three of their fieldworkers to our Monitoring Activists School training programme.



A contaminated stream near a Rustenburg mine.

Objective 3.3 Cooperate and participate in the Ecumenical Movement and Economic Justice Meetings and Forums.

During the year we continued our participation in SACC meetings and worked in particular with the Ecumenical Service for Socio-Economic Transformation (ESSET) and the Economic Justice Network (EJN) of FOCCISA. With EJN we prepared the alternative mining Indaba held in Cape Town in February 2010.

Church Investors Group (CIGSA)

Through the Church Investors Group, which is mainly attended by Church Fund Managers, we continue promoting the need for alternative and responsible ways of investing church funds by inviting responsible institutions to make input at these meetings. CIGSA was formed to replicate in South Africa the Church Investors Group (CIG) in the United Kingdom. Christian denominations and organisations were invited to join the body. As a general rule the denominations in South Africa have significant pension funds (which are normally managed professionally) but have limited resources at an organisational level. It appears that generally the ethical investment criteria of such bodies are by exception rather than active decision.

CIGSA held quarterly members' meetings and members received material either compiled locally or sourced from CIG in London. CIGSA continues as an organisation, but at present no members' meetings are held. However material of financial and economic relevance is still circulated to members. We hope to re-launch the members' meetings later in 2011 providing we can obtain agreement in principle from the members that they will be regularly represented by senior financial officials.

Objective 3.4 Community Monitors monitor economic and social consequences of 2010 FIFA World Cup and benefits.

The Bench Marks Foundation joined the Khulumani Support Group in hosting an alternative Justice Fan Park in Soweto, where daily workshops together with screenings of soccer matches were held. The Foundation mounted an exhibition of its work, held a workshop on CSR and offered 'Toxic Tours' to journalists.

Objective 3.5 Strengthen communities' capacity to monitor corporations affecting their lives and livelihoods through the Monitoring School programme.

Monitoring Activists School

The Monitoring Activists School started in 2009 and trained ten community monitors. Five of these monitors continued their training in the new year focusing on producing blogs and identifying action research projects for implementation. This group joined a new group of 14 monitors with the commitment that localised workshops would be held with community organisations in order to strengthen these organisations' capacity for monitoring. The new group developed action groups in their respective communities as an integral part of their training.

The Monitoring Activists School programme held a number of workshops during the year. The first workshop provided training for the five monitors who took part in 2009. These monitors had their blogs going live during March. A workshop was held for the intake of new monitors where they were introduced to monitoring and email addresses were set up for them to make communication easier. Local workshops were also held in different provinces where monitors presented their writings. The purpose of these workshop was to involve local organisations and review the work of the monitors.

A workshop took place in Johannesburg which leveraged the skills of the old participants and documented their stay there in the form of a newsletter. A second series of workshops were held to develop the action research projects. Between 5 and 15 persons attended on-site local area workshops. Approximately 80 (including the 19



Monitoring groups in session.



monitors) persons in total participated in these workshops. The areas covered were:

- Gapila-Sterkwater and Mogabading in Limpopo Province
- Kathlehong, Soweto, Kanana, Kwa-Thema, Bophelong, Vaal in Gauteng Province
- Ikemeleng, Rustenburg, Chaneng, Klerksdorp in the Nort West Province
- Zamdela and Welkom in the Free State Province.

Local area workshops were complemented by a national workshop in October 2010 and a graduation ceremony with community organisations present was held December 2010.

Objective 3.6 Extend Monitoring School to one other African country in 2010.

An agreement was reached in the IANRA Steering Committee to extend the Monitoring School workshop to Malawi and Zambia. The programme was extended to Malawi through the Citizens for Justice and in Zambia through Caritas, Ndola.

The 2010 Monitors' graduation ceremony.



MEDIA ADVOCACY

Objective 4.1 Conduct media launches and engage journalists based on research or areas of concern identified with regard to South African multinational corporations operating in the continent and within South Africa.

The research report on AngloGold Ashanti's proposed gold mine in the Democratic Republic of the Congo (DRC) generated a number of media articles and press releases. Most notable coverage came from *Le Potential*, Kinshasa's most influential daily newspaper, the UN's Radio Okapi which broadcasts across the country and featured the report and CAFOD and partner spokespeople in two prominent evening and morning magazine and news programmes. Internationally, Bloomberg wrote a piece for its subscription-only news wire service which was picked up by *USA Today* and Reuters AlertNet reproduced the press release in full.

The report generated 25 media articles with the majority of these in the DRC. A further 10 mentions were generated from sporadic press releases and citings of the Foundation's research reports from 2007 through to 2010.

During the second half of the year, we've traced at least another 40 mentions in the media, bringing in a total of about 75 for the year. These were wide ranging including references to mine safety and general articles on CSR.

Objective 4.2 Disseminating information through internet and visual media (DVDs and photo collection) and the website.

During September our web host site was hacked into and the website along with countless others was destroyed. This necessitated the rebuilding and restoring of the site, but unfortunately not with the same functionality. Our host could not collect statistics for the second half of the year.

From the statistics obtained for the period January to June 2010, 165 943 (921 per day) hits were recorded, with the number of users amounting to 27 622 (153 per day). This compares favourably with figures reported in the 2009 Annual Report. The number of users is close on 17% of those visiting. Of those users 20.5% did not complete downloads, suggesting that the size of the files to download is too large and prompted a user to abort downloads. While this might be usual as the site contains large research reports, it points to the need for smaller executive summaries to be made available to visitors and users.

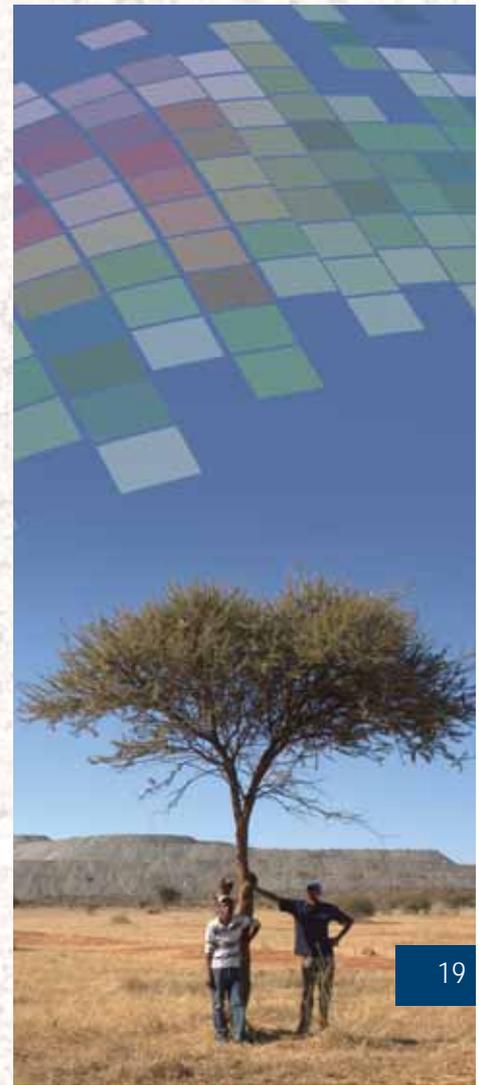
The majority of visitors were from South Africa (38.9%) followed by the United States (24.19%) and the Netherlands (2.69%), while unknown and not indicated were 29%. Visitors predominantly use the MSN (38.7%), Inktomi-Snapshot (36.7%) followed by Google at 11%. This suggests that the optimisation has to be improved to include visitors using Google.

The most requested reports are the reports on the West Coast Diamond study followed by the Shoprite report.

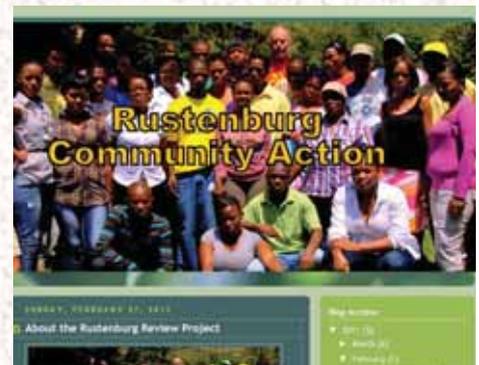
Objective 4.3 Develop community blogs and capacitate monitors to present their stories.

We do not have comparable statistics for the blogs of the monitors engaged in the monitoring activists training programme. During the period five new blogs were established by the 2009 monitors that enrolled in the 2010 school programme and a further five by the new monitors. The volume of articles on the website now accede the capacity of the blogs suggesting the need for a dedicated website for the project. This has to be weighed against the need to have sites that are accessible to monitors and that are sustainable from a community perspective.

A second edition of *Action Voices* was published in December 2010. This publication takes up the stories of communities and the monitors and their action research projects. A copy of *Action Voices* 2010 is available through a link on the organisational website: www.bench-marks.org.za.



<http://sites.google.com/site/monitoringactionbloggers/home/south-africa>

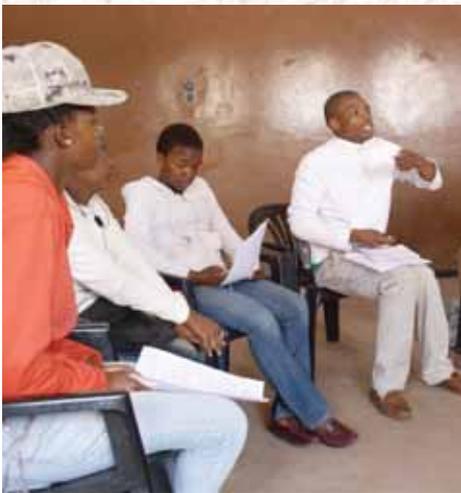


DYING TO BREATHE – OUR FIGHT AGAINST INDUSTRIAL POLLUTION

The Bench Marks Foundation promotes the voices of communities affected by damaging business practices through its Monitoring School programme.

This is a summary extract of a story published in *Action Voices 2010*. The report was prepared by Mokoena Kopano Simon, a Bench Marks monitor in Zamdela and the group that conducted the community action research is called Converse, a community arts and culture group.

20



Industry brought jobs and growth to Sasolburg but people were unaware of the hazardous exposure to chemicals from flares burning night and day.

The poor black community using coal for cooking and heating has been blamed for the pollution as burning coal creates damaging emissions. The community can't afford to buy electricity from Eskom even though they are connected to the grid.

Those who are young, old or infirm and people living with HIV are particularly at risk when it comes to pollution. People in Zamdela communities suffer from irritation of the eyes, nose, and throat, headaches, dizziness, asthma, nausea and heart diseases.

Sasol refuses to take responsibility for this as they shift the blame to the community. Instead they receive awards for their reports and for their corporate social responsibility programmes such as sponsoring clinics and library.

Makgokolotso Mabe suffers from TB. She believes that Sasol has contributed to her illness. She goes to Zamdela clinic to get her medication and she told us that there were many patients like her. Adding to Sasol's bad air there is a sewage pipe 3 metres away from her house and sometimes when it is blocked you will see water at her door which is smelling very bad.

Evelyn Rammai from Botshabela Park has been suffering from asthma since 2007. She also goes to Zamdela Clinic to get her medication. She said life has been difficult for her because when people smoke near her and when Sasol start smelling her condition is worsened.

Thabo Rabolila is also a victim of asthma, his mother Puleng Rabolila told us about her sleepless nights struggling with Thabo when he was young. Thabo was in and out hospital during winter as the situation worsened.

Many people we interviewed were aware about pollution in Sasolburg, some of them said that breathing bad smells is their daily bread. Many of their family advised them to leave the area and go where there is less pollution.

While the community living around Sasol suffer the effects of pollution they receive little benefit from the company. The company avoids giving permanent work to the people. They prefer to give them only short-term contracts.

Sasol is very good at presenting themselves as a socially responsible company to gain legitimacy from government and other community members. However we the residents know that they place their profits above the health of the community.

Many organisations such as Groundwork, Vaal Environmental Justice Alliance and Earthlife have been putting pressure on Sasol to reduce its environmental impact and to be transparent. The government responded by declaring the Vaal Triangle including Sasolburg a hotspot and a priority area for attention. We now have an air quality understanding.

There is a monitoring station that is owned by Government at Iketsetseng Secondary School. There are many problems with this monitoring station. The local municipality does not have the capacity to manage this monitoring station and it is still being managed by a private consultant. We don't believe that this station is effective.

We created a stage performance in which we talked about the problems of environmental pollution. We performed this at the Environmental Youth Indada that at Lerato Hall in Sasolburg.

The 12th October has been declared as a Sasol Day. We participated in a big march against Sasol in Sasolburg and Rosebank at their Head office. The march was attended by more than 2500 people. ■

FINANCIAL STATEMENTS

BENCH MARKS FOUNDATION

Annual Financial Statements for the year ended 31 December 2010

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The assessment of ethical investments
Directors	J T Seoka (Chairman) P J Beukes V Brennan J A Capel M C C Majake E R Makue J T D L Lesejane M B Moshoeshoe A E Wentzel A A Boesak
Bankers	Nedbank
Auditors	B N Jooste & Co Chartered Accountants (SA) Registered Auditor Practice No. 916900 E
Secretary	Transfer Administrators (pty) Ltd
Income tax registration number	9568648142
Employer reference number	7280750920
NPO registration number	048/041
Tax reference number	9568/648/14/2

B.N. Jooste & Co
Chartered Accountants (S.A.)
Registered Auditors

Practice No. 916900E
Barrie Noel Jooste, C.A. (S.A.)
Jeffrey Clive Pierce, C.A. (S.A.)

366 Kent Avenue
Ferndale
2194
P.O.Box 2719
Randburg
2125
Tel: (011) 787-0300
Fax: (011) 787-8809
Email: pims@barvic.co.za

INDEPENDENT AUDITORS' REPORT

To the members of Bench Marks Foundation

We have audited the annual financial statements of Bench Marks Foundation, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Bench Marks Foundation as at December 2010, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa, 1973.

B N Jooste & Co
Chartered Accountants (S.A)
Registered Auditor
Practice No. 916900 E

22 February 2011
Randburg

BENCH MARKS FOUNDATION

Annual Financial Statements for the year ended 31 December 2010

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	<u>775</u>	<u>12,327</u>
Current Assets			
Trade and other receivables	3	10,348	11,111
Cash and cash equivalents	4	<u>1,036,030</u>	<u>274,204</u>
Total Assets		<u>1,047,153</u>	<u>297,642</u>
Equity and Liabilities			
Equity			
Retained surplus		<u>957,157</u>	<u>236,033</u>
Liabilities			
Current Liabilities			
Trade and other payables	5	<u>89,996</u>	<u>61,609</u>
Total Equity and Liabilities		<u>1,047,153</u>	<u>297,642</u>

BENCH MARKS FOUNDATION

Annual Financial Statements for the year ended 31 December 2010

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2010	2009
Revenue	6	4,868,512	3,296,362
Other income		-	39,083
Operating expenses		<u>(4,151,982)</u>	<u>(4,242,147)</u>
Operating surplus (deficit)	7	<u>716,530</u>	<u>(906,702)</u>
Investment revenue	8	<u>4,594</u>	<u>42,319</u>
Surplus (deficit) for the year		<u>721,124</u>	<u>(864,383)</u>
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		<u>721,124</u>	<u>(864,383)</u>

BENCH MARKS FOUNDATION

Annual Financial Statements for the year ended 31 December 2010

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2010	2009
Revenue			
Grants received		<u>4,868,512</u>	<u>3,296,362</u>
Other income			
Sundry income		-	39,083
Interest received	8	<u>4,594</u>	<u>42,319</u>
		4,594	81,402
Project Expenses			
African roundtable on investments programme		126,304	173,041
Churches and community programme (CEIP)		1,654,056	1,251,607
SADC mining research and advocacy programme		565,416	1,076,829
Voice power programme		<u>149,084</u>	<u>214,214</u>
Total project expenses		2,494,860	2,715,691
Administration Expenses			
Accounting fees		35,919	29,098
Auditors' remuneration	10	18,126	14,464
Bank charges		6,650	2,704
Consulting fees		51,576	51,557
Courier services		4,326	7,650
Depreciation		11,552	36,531
Directors' meetings		18,500	3,770
Employee costs		1,033,274	931,925
Equipment hire		12,724	9,069
Insurance		10,386	13,787
Lease rentals on operating lease		138,548	116,130
Minor capital expenditure		33,450	9,805
Printing, photocopy, stationery and literature		32,796	19,763
Staff welfare		50,119	42,403
Subscriptions		7,987	1,858
Telephone and fax		77,865	63,733
Travel		<u>113,324</u>	<u>172,209</u>
Total administration expenses		1,657,122	1,526,456
Total expenses		4,151,982	4,242,147
Surplus (deficit) for the year		721,124	(864,383)