Bench Marks Foundation

Annual Report

2009

CHAIRPERSON'S FOREWORD

Rt. Rev. Dr. Jo Seoka
Chairman
Bench Marks Foundation

2009 has been a memorable year for the Bench Marks Foundation, with many challenges, successes and with the recognition that we have far to go. Our values based on Christian and universal principles drive the organisation's agenda. We believe in the fair and equitable distribution of wealth, stewardship policies and practices that consider the environment, people and communities. Corporate governance policies should balance the competing needs of shareholders with that of communities and society as a whole.

We continue to focus on mining in South Africa and the Southern African Development Community and large South African supermarkets expanding into the rest of the continent. In mining, the challenges for sustainable development seem to be the same in each country we have studied. We see a lack of true will to move the CSR debate beyond philanthropy to a more developmental agenda. Mining is characterised by "land grabs" that lead to communities losing access to subsistence agriculture, cattle farming and a way of life where often women are more impacted on.

There is a lack of proper consultation and negotiation, with a tendency to opt for shortcuts in obtaining a social licence to operate. "Corporate social responsibility" is focused on reporting and the showcasing of small projects that leads to few material changes for those most affected. This approach remains an important obstacle to balancing the needs of shareholders with that of communities and other stakeholders.

In the rest of Africa, citizens complain about South African supermarkets and other businesses robbing them of a sustainable livelihood. Local businesses often lose their market share, and to make things worse, those working in these companies are paid low wages, exasperating their aspirations for a better life. Profits flow out to South Africa leaving host countries worse off. This is why we are promoting the Church Leaders Call for Responsible Investment and Corporate conduct.

The challenges we refer to above relate to how big business essentially has taken CSR and moulded it to suit a business as usual approach. This approach focuses on:

- Sustainability reports giving a global picture often showcasing one or two good corporate social investment projects
- Stakeholder dialogue that often excludes civil society and those close to operations
- Compliance favouring a "tick-box" approach but little substance to demonstrate true and meaningful responsibility
- Sustainability practices that consider the needs of the corporation only and the continual externalisation of costs
- Short-term profit maximisation at the expense of longer term sustainability
- A legalistic approach that leans towards the implementation of the minimum legal requirements

The Bench Marks Foundation is rooted in the church and sees corporate responsibility from the view of society and the most vulnerable. While we recognise that there is a business case for sustainable practices, our approach is a moral one that derives its principles from deep faith that goes beyond the business case and is driven by an ideal for a more egalitarian world… a world based on justice, one that enhances all human beings to fulfilling their God given right to a life of abundance and happiness. Our challenge is to move business to go beyond "compliance". This approach fundamentally challenges business to move towards just business practices that consider all those who are impacted upon negatively to a model that promotes human dignity, care for the environment and stewardship of the earth.

The Bench Marks Foundation recognises that the first step in developing more sustainable practices is to move to a level that goes beyond legal compliance and reporting initiatives, to more integrated strategies. This requires a proactive and

developmental focus. Obviously business can benefit from the opportunities that sustainable practices offer that are not only financial, but contribute to more secure and sustainable societies. The final step in moving to sustainability would require a rethink on corporate values that will demand a change in the culture of the organisation and this would need to be accompanied by strong societal pressure.

We need to understand that the industrial age, as we know it, is coming to an end. This production model produces huge amounts of waste, is based on an energy path using fossils fuels, and a consumption path, that produces similar amounts of waste. "GDP growth", the holy cow of profit driven business is espoused as the most important economic measurement. The world is changing and we now know that society and the environment is not subservient to the economy. In fact the opposite must apply, where the economy recognises that it is a smaller part of the natural environment and society in which we live. Hence the Bench Marks preoccupation that "the economy" must serve people and meet the needs of communities and not only strive for profits at the expense of society.

However we are faced with those seeking short term gains and who are driven by financial institutions and private equity players who apply pressure on businesses to extract short-term profits for shareholders. That is why the Bench Marks Foundation inserts a moral and ethical voice into the sustainable development debate.

We hope that with initiatives like the development of a rating tool based on a community perception index will help promote better sustainability practices. In addition, by publicly holding corporations accountable through our Voice Power programme based on media advocacy, developing monitoring capacity at a local level, whether in mining or on South African retailers operating in Africa we will begin to reach solutions.

Our flagship programme, the Monitoring Activist School now up and running and expanding fast in South Africa and into other African countries will assist us in continuing to hold corporations accountable. This year the launch of our Bench Marks Research Centre at the North West University will increase our capacity to do research and advocacy.

Research shows that when corporations are monitored by NGO's and civil society, that this pressure begins to address a change in corporate culture. In addition growing awareness about climate change, increasing world poverty and exclusion and rampant inequalities will all act as drivers of change.

We would like to see a new business model that encompasses new values, that:

- Incorporates proper cost benefit analysis that include costs on the natural environment, peoples and communities
- Addresses poverty alleviation and the millennium development goals.
- Incorporate CSR into management line functions and performance targets linked to bonuses and other financial rewards.

Lastly I 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.

Rt. Rev. Dr. Jo Seoka

Chairperson, Bench Marks Foundation

EXECUTIVE DIRECTORS' REPORT

John Capel
Executive Director

The Bench Marks Foundation (BMF) continues to grow and expand its influence and is beginning to develop specific programmes around mining that go to the heart of sustainability. Our work focuses on what corporate social responsibility is, how it can and should be applied, and how it must be developmental in focus.

Main Achievements

During 2009 we introduced our new flagship programme, the Monitoring Activist School in four participating provinces and trained ten people in monitoring corporations.

We challenged De Beers' operations in South Africa and Botswana and the marriage of convenience between the company and the Botswana government. Our research report came in for a heavy attack by De Beers and the Botswana government and has since then generated a lot of controversy and is regularly quoted in the public media and used by civil society to question whether Debswana's operations bring any real benefits in the country.

Our programme of establishing a research centre and school on CSR at the North West University, situated in the heart of the mining belt in South Africa, ironed many issues paving the way for an official launch early in 2010.

Our focus on Church leaders in Africa and South Africa has taken some important steps forward with seventeen African Bishops endorsing the *Church Leaders' Call for Responsible Investment*. A new partnership with religious leaders from Tanzania has seen us strengthen ties there and now we are jointly working together to influence the African Mining Partnership for Ministers (AMPDP) on how to bring about better benefits for mining communities and countries.

> “Our work focuses on what corporate social responsibility is, how it can and should be applied, and how it must be developmental in focus.”

Our network, the African Roundtable on Investment in Africa, released a study on a large South African supermarket chain operating in most countries in Africa. Our study focused on Malawi, Zambia and Swaziland. The African Roundtable on Investment is spearheading the call for socially responsible investment in line with the *Church Leaders Call for Responsible Investment*.

Our media advocacy programme was strengthened during 2009 and the number of visitors to the Foundation's website increased significantly. For the September to October period we received close to 60000 hits on the website. Linked to the website are our community blogs showing the work of the monitors who participated in the Monitoring Activists School.

We have made progress in our advocacy programme aimed at the South African government, the SADC and the African Union. It is just a beginning but holds good promise and 2010 will see this programme intensified. This year the Norwegian Embassy and World Bank invited the Foundation to speak at their Extractive Industry Conference in Maputo: *Enhancing the Development Impact of Resource Industries and corporate social investment*. The input by the Foundation was well received even though it challenged the model being promoted by the South African government around Black Economic Empowerment and challenged an Australian uranium mine in Malawi.

2009 witnessed the development of a partnership with Milieu Kontact International in the Netherlands around the Platinum Group Metals Roundtable, where the Foundation agreed to a challenging and high-risk project. We agreed to explore and research a model for true and meaningful community engagement that we want Anglo Platinum to buy into. This is a work in progress and will form part of our 2010 objectives. We continue to work with SOMO on the supply chain of platinum both up and down stream and thank them for this international solidarity.

During 2009 we strengthened our links with IANRA (International Alliance on Natural Resource Extraction in Africa) an alliance covering 10 countries. We hope to play a leading role in the alliance, both on the research and community side where we hope to roll out the Monitoring Activist School to at least one other African country.

The year also saw ICCO KerkinActie in the Netherlands support the work of the Bench Marks Foundation, along with EED in Germany and Development and Peace in Canada. Christian Aid continues to support the organisation along with Diakonia in Sweden, Bread for All in Switzerland and NiZA, the Netherlands Institute on Southern Africa. Many of our donors often not only fund but support our work through their own solidarity work in their host countries while offering valuable organisational advise and support to the Bench Marks Foundation.

We have been able to maintain a high level of activity and influence, having a big impact in the media, print, radio and television and at conferences. We are beginning to have impact at corporate level, where companies now ask us to do studies. We have not accepted such a challenge due to the political risks involved and because the name of the Foundation could be compromised. Most importantly we have influenced Anglo Platinum on community engagement principles and in the coming years our intentions are to develop standards around key CSR mining issues, like post mining economic life.

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Working SMARTly we realise that in order to achieve our objectives, we need to develop solid partnerships with our friends and likeminded people and organisations. We do this by getting people to support and contribute to the Bench Marks Foundation's vision.

Challenges

Our understanding is that economic life starts from the community who should through our work be the main beneficiaries manifested by improvements in their livelihoods, increased organisational capacity and ability to engage corporations. We need to evaluate how far we have come along this path.

Our most developed impact angle is exposing corporations in the public arena, using newspapers, magazines, radio and television as a 'weapon' to ensure better behaviour and practice. We have had numerous meetings with companies over the years informing them on our outcomes and what we think they should be doing. This means going beyond our comfort zones, taking calculated risks to engage these corporations and act as a facilitator in engagement between communities and corporations.

In 2010 the Foundation will do an evaluation of its impact at corporate level, at community level and broad societal level. Are we managing to influence change at a corporate level and where exactly are we having an impact?

On the community level our successful Monitoring Activist School pilot phase in South Africa has taught us a lot about monitoring but also about communities. The school's focus has been around mining and assisting community members to deal with this. But the starting point is not mining but how to build and strengthen individuals’ confidence, how to empower and assist individual monitors to organise in the community. The communities we work in are highly impoverished, lack basic services, jobs are scarce and ordinary community members are demoralised. The monitors trained focused on a host of community problems, some caused by mining and others by local government or have historical roots. Monitors recorded their experiences on blogsites, in their own newsletters and in the publication *Action Voices*.

The more research we do on corporations the more challenges we face, the more the demands increase on the organisation. Each country we study wants us to follow up and this is proving very challenging. Last year we released our study on De Beers in Botswana and on the West Coast in South Africa. Botswana needs to be followed up

but it is also a country where civil society is restricted in what it can do because of the mining and government's partnership that resembles a “marriage of convenience”.

We want to increase our reach and impact by contributing to the development of active networks and organisations that are able to work with us closely yet independently. The Foundation aligns itself with similar minded organisations and networks such as the International Alliance on Natural Resources in Africa (IANRA) and the African Initiative on Mining and Society (AIMES).

The Bench Marks Foundation recognises that the first step in developing more sustainable practices is to move to the level of compliance, and then to the level beyond compliance, to more integrated strategies, that is proactive, developmentally focused, and that focuses on opportunities that a more sustainable practices offer. A move towards sustainability would require a rethink on corporate values that will demand a change in the culture of the organisation and this would need to be accompanied by strong societal pressure.

The Bench Marks Foundation raises a moral and ethical voice in the sustainable development debate, and hopes to develop a rating tool based on a perception index, directed at communities and at corporations. It has been used already to assist us in analysing community perceptions and will hopefully be ready by the end of 2011. Holding corporations publicly accountable through our *Voice Power* programme and developing monitoring capacity at a local level, start to address solutions by keeping corporations under a watchful eye. Research shows that when corporations are monitored by civil society, that this pressure begins to address a change in corporate culture. In addition climate change, growing world poverty and exclusion and rampant inequalities all act as drivers of change.

On an organisational level we have a committed board, with the chairperson playing an active role in championing the vision of the organisation in Africa amongst church leaders. Other members actively promote our church forums at provincial level and act as facilitators between the Foundation and accessing government.

Attention needs to be focused on the churches, to continually raise awareness and solicit more the support of church leaders. Work has begun modestly in this area where church leaders both in South Africa and more broadly are beginning to support the Foundation's call for responsible investment. Churches are also becoming more aware of the need to look at the role of multinational companies - especially mining companies.

The area where we need to improve on is in promoting the ethical investment part of our mission. The aim here is to promote a culture of ethical investment choices inn the churches. One of the board members convenes a church fund managers group that meets every three months. The Bench Marks Foundation has in addition raised the challenge of shareholder activism and getting our partners in London who look at socially responsible investment to go to corporations we study and to call on them to act more responsibly.

The following section reports on the work and progress made in 2009 of the four programmes of the Bench Marks Foundation:

- The SADC Mining and Advocacy Programme
- Africa Roundtable on Investments Programme
- The Church and Community Programme
- Voice Power Media Advocacy Programme

Each section specifies the key activities completed during 2009, outcomes of these activities, assessment of progress made and challenges ahead.

1. SADC MINING RESEARCH AND ADVOCACY

Since 2007 the Bench Marks Foundation has completed seven research reports on mining in the Southern Africa Development Community (SADC). The countries and sectors covered are: South Africa (platinum, coal, gold and diamonds), Zambia (copper), Malawi (uranium), Botswana (diamonds) and DRC (gold).

The medium to long-term aim of this programme is to contribute to the development of a comprehensive database on mining practices in the SADC region, which will inform the Bench Marks Foundation and civil society formations on development initiatives that benefit communities affected by mining operations. It further feeds into our strategic objective to hold large corporations and especially South African corporations accountable to developmental objectives.

Major outputs for this programme was the completion and release of the research reports on diamond mining on the West Coast (*Policy Gap 4*) in South Africa and diamond mining in Botswana (*Policy Gap 5*). Three position papers were developed for our advocacy work and the programme also supported a number of international networking initiatives. Overall the research reports and media exposure, coupled with efforts to monitor companies more effectively, led to increasing engagements with companies in the mining sector.

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The Bench Marks Foundation researchers paid a visit to the Democratic Republic of the Congo, in collaboration with and at the invitation of Catholic Agency for Overseas Development (CAFOD). A joint CAFOD-Bench Marks Foundation report on Anglogold Ashanti will be released in the beginning of 2010.

1.1 Research

Following the *Policy Gap* reports published in 2007 and 2008, research in 2009 focused on the gap between the Corporate Social Responsibility (CSR) policies of corporations and their practice in the extractives mining sector.

The *Policy Gap* reports focus on community perception of the companies' CSR practices, highlight the plight of communities, encourage companies to engage meaningfully with communities through development oriented CSR and identify gaps in legislation. The challenge for the Foundation is to measure how companies follow up on their policies and practices and whether communities actually benefit.

Policy Gap 4: *Corporate Social Responsibility in the Diamond Mining Industry on the West Coast of South Africa* was released at a press conference on 27 July 2009. This report reflects on local economic development in a post mining economy and the communities affected by mining. A number of communities on the West Coast are destitute following the depletion of diamond resources in the region. An outcome of this report is that the Bench Marks Foundation is in discussion with De Beers South Africa about plans for post mining investment projects in the region. De Beers has agreed to work on a number of community development projects and the Foundation will need to visit the area again late in 2010 or early 2011 to measure the impact of our recommendations.

Policy Gap 5: Corporate Social Responsibility in the Diamond Mining Industry in Botswana, subtitled "De Beers, Botswana and the Control of a Country" was completed in May 2009 and released at a press conference on the 23rd September 2009. This report focuses on the close relationship that exists between the Botswana government and the global De Beers mining group. The report questions the benefit derived from

Debswana's operations in the country for the majority of people and describes the relationship between the Botswana government and De Beers as beneficial only to the political elites.

The *Policy Gap 5* report generated huge publicity, partly due to the response by the Botswana government, Debswana and the De Beers Group. The De Beers' London office launched a public attack on the report before the actual release of the report. While De Beers Botswana (Debswana) reacted defensively to the findings of the report it is hoped that the report will encourage greater transparency in the diamond mining industry of Botswana.

Research for a third report, *Golden Opportunity or False Hope? - AngloGold Ashanti's proposed gold mine in the Democratic Republic of the Congo (DRC)* was completed in collaboration with the United Kingdom based development agency CAFOD and a civil society formation in the DRC, Le Cadre de Concertation. As the title suggests it focuses on proposed mining development by AngloGold Ashanti, a South African based gold mining company, in the eastern part of the DRC, a region characterised by armed conflict. The development of the mine threatens to displace thousands of artisanal miners and disrupt the lives and livelihoods of communities in that region. The report was due for release on the 25th January 2010 in Kinshasa in the DRC and in Johannesburg. AngloGold Ashanti committed to ongoing consultations with the communities affected and to publishing information relating to the contracts negotiated with the government when it becomes available.

1.1.1 Outcomes

A general outcome of the research is a greater awareness of mining in the SADC region and in the continent generally amongst the extractive industries, governments and civil society of the negative impacts of mining on communities and regions.

Particularly in Botswana and more pertinently in the DRC the actual research process generated the possibility of developing new partnerships to take up and ensure a follow up of the recommendations in the reports and ensure changes at community level. These potential partnerships need to be followed through and consolidated.

The study has and continues to generate a lot of media interest, interest from opposition parties, and is stimulating a nationwide debate in Botswana. Issues that are forthcoming relate to corruption and tenders, previous presidents and their financial interests, the former CEO and his murder, and the future of democracy in Botswana. Right up to the printing of this report the controversy rages and what follows reflect some indication of the impact of the research as recorded in the media

Policy Gap 4 and especially *Policy Gap 5* generated a number of media citings that we report on under our Voice Power programme and increased the volume of visits to our website. The Foundation increased its visibility and profile as a major commentator on mining development in the SADC region, through the establishment of a constant media presence.

Given increasing shareholder and citizens' concern in the global north and south for socially responsible investment by companies, the research and reports contribute to putting pressure on companies to engage with communities and their stakeholders. We have already seen a willingness of companies to engage with the Foundation and a change in culture where companies start reporting on issues excluded from annual sustainability reports, such as accidents in mining. Our reports are tabled for discussion among mining houses for example at the National Business Initiative.

Anglo Platinum has agreed to a project in which the Bench Marks Foundation will elicit the views of communities in Limpopo. During December 2009 researchers interviewed the Burgersfort community in Limpopo to determine needs and propose an engagement process with Anglo Platinum for the realisation of community needs.

1.1.2 Challenges and Future Plans

While care has been taken to empower communities in the research process – the communities and the Bench Marks Foundation itself lack the capacity to engage further with companies. There is a need to follow up with communities the progress realised after the publication of the research reports.

There is an increasing demand for conducting research on companies and communities from as far a field as Namibia and Tanzania. This demand and a lack of capacity to respond to such requests strengthened our resolve to consolidate an initiative to establish a Bench Marks research centre at the University of the North, who assisted the Bench Marks Foundation in the development of such reports.

While the research involves – a "name and shame" element – we rely on partnerships with communities, trade unions, churches and other civil society formations to carry this engagement forward. Thus the development of meaningful partnerships and participation in networks becomes essential.

Going forward there are some risks involved. One is that corporations will continue to play up their social responsibility initiatives and find ways of justifying these with the help of huge publicity machines. A second one is that they could use the engagements with the Foundation as a way of "legitimising" their own activities, by citing the Foundation as a stakeholder. This is an inherent risk in the approach that the Bench Marks Foundation uses. The Foundtion] accepts that at some stage in the relationship with a company one has to negotiate and sit down with the company, so that agreements can be reached, especially with communities affected. Facilitating this contact with the community is important, but agreements about improvements in community life must be made between the community and the company (corporation concerned) and not the Foundation and the company. Otherwise we replace the community and reduce their agency. Care is taken therefore that communities are represented when the Foundation engages with companies.

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1.2 Advocacy, Networking and Alliance building

This part of the report looks at how we drive our programmes, our networks, and covers the Africa Roundtable on Investment; our focus on South African retail companies expanding into the rest of Africa. Our SADC mining network and our focus on mining in Africa has now merged with the ART network. It then explains our focus on working in other networks, in particular IANRA (International Alliance on Natural Resources in Africa), and other initiatives we are involved in to strengthen our voice. This section also looks at some areas of advocacy like the World Bank; other initiatives we are involved in with Norwegian Church Aid and Interfaith Committee in Tanzania and more.

The SADC Mining, Research and Advocacy network focuses on (mainly South African) investment on the African continent. Increasingly we've seen our networking and alliance building as an opportunity to broaden our appeal and increase capacity to intervene on a broader scale across the continent. We've consolidated our existing networks and are strengthening these networks through building bilateral and even multilateral partnerships, on a country to country basis. This justifies our participation in two networks, IANRA and AIMES, and a looser network built around the partners of Norwegian Church Aid. We are also concentrating on building partnerships in Zambia and Tanzania in particular.

1.2.1 Position Papers

In order to improve our advocacy one of our stated aims in 2009 was to produce position papers that would outline policy positions on a number of pertinent issues. This is one way in which opinion makers and policy makers can hear the voice of civil society and can act upon clear and concise recommendations. These papers draw on the

recommendations developed in the *Policy Gap* reports produced and the developmental needs identified in the community work – to advocate for changes at government and intra-government level. In December 2009 the Foundation met with the Department of Mineral Resources and Energy where it was agreed that they would be receptive to input from us. They have welcomed the position papers to be developed and see it as an opportunity to engage with and improve the lives of communities.

Three papers were completed out of the six position papers planned:

- Women in mining: legislative beneficiaries or social guinea pigs?
- Corporate social responsibility and community development in the South African mining sector: gaps between policy and practice
- HIV/Aids and mining in South Africa.

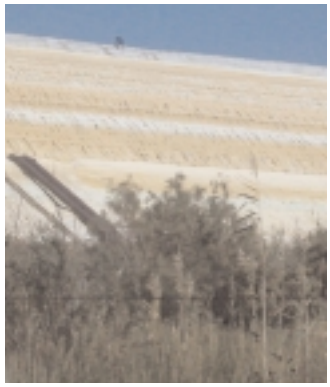
The papers will be refined before publication. While the papers focus on South Africa it is envisaged that common position papers (and policy recommendations) will also be developed with partners in the SADC region and in Africa more broadly. •

1.2.2 *Principles for Community Engagement by Mining Companies*

"*Principles for Community Engagement by Mining Companies*" a paper developed for and approved in the Bench Marks Showcasing Conference in 2008 was used in different engagements in 2009.

What the paper puts forward is that mining companies should consider the following in their relations with communities:

- That their CSR goals address the development needs of communities,
- That reporting must be more localised and refer to specific communities,
- That CSR spend must increase,
- Funds are set aside for independent monitoring by communities and NGOs to address the power imbalance of communities and
- A hierarchy of stakeholders is established that should include representative trade unions and community organisations.



"The SADC Mining, Research and Advocacy Network focuses on (mainly South African) investment on the African continent."

1.2.3 Networking

The Foundation participated in the following meetings during the year:

Meeting with the World Bank

The Foundation participated in a World Bank organised conference in Maputo in March 2009 where many ministries and government departments related to mining from across the southern Africa region together with a number of Western Europe and Scandinavian countries attended the meeting. While we engaged with World Bank consultants, it is difficult to gauge the outcomes on policy and practice.

International Alliance on Natural Resources in Africa (IANRA)

In April 2009, the Foundation participated in the second constitutive meeting of the IANRA, where partners from 10 African countries participated. This meeting focused on planning networking activities for the rest of the year. Another meeting in November 2009 followed this, where a plan of action for joint collaboration was established. The Foundation was elected to the Research Working Group and leads the Community Mobilisation group. In February 2010 the IANRA will consider proposals with regard to a joint research group and the sharing of community strategies. Further consideration will be given to rolling out the community-monitoring programme to one other African country in partnership with an IANRA country partner.

African Initiative on Mining and Society (AIMES)

The Foundation participated in the 11th Annual Meeting of the African Initiative on Mining and Society (AIMES), in June 2009 in Nairobi. This network brings together organisations concerned with the impact of the extractives industry in Africa and gathers partners mainly from West and Eastern Africa. The meeting agreed to a joint statement focusing on the impact the global economic crises has had on Africa. The statement was addressed to heads of state and the society at large. A number of working committees were also agreed to; one of which is actively engaging ministries across the continent in a process called Mining Vision for the 21st Century an initiative of UNECA (United Nations Economic Council on Africa). A working group will follow up the different work with regard to UNECA.

Tanzania Interfaith Committee on Justice and the Economy (IFC)

The Bench Marks Foundation hosted the Tanzania Interfaith Committee on Justice and the Economy (IFC) in September 2009. In the meeting we shared experiences and strategies on mining and explored ways of working together especially with regard to South African companies working in the continent. It was agreed that the Foundation makes a visit to Tanzania for an exposure tour, sharing of strategies and development of joint research and advocacy work. In a South African Council of Churches (SACC) facilitated meeting the Foundation joined the Tanzanian delegation in a meeting with the Department of Minerals and Energy (DME) and the Minister for Mining, Ms Susan Shabangu, where the IFC shared their concerns about the mining activities of South African corporations.

In December 2009, the Bench Marks Foundation shared together with organisations from Zimbabwe, Tanzania (IFC) and local partners ESSET, EJN and IDASA, together with Norwegian Church Aid our experience on mining advocacy. Plans were made to host an Alternative Mining Indaba where communities would speak out during the Mining Indaba - an industry networking forum to be held in early February 2010.

Caritas, Ndola

The Bench Marks Foundation participated in a meeting hosted by Caritas, Ndola on Mining and the Extractives in Zambia during 17-21 May 2009. Besides sharing the work of the organisation, the meeting was an opportunity to get an in principle agreement on future joint work like the rolling out of the Community Monitoring Activists School that the Foundation is developing in South Africa, during 2010-2011.

The meeting looked closely at the impact of the global financial crisis and mining industry in Zambia. The gathering managed to evaluate the direct impact of mining in Zambia and especially the number of mine closures and developed proposals to the government on how this can be mitigated. This meeting was a follow up to initiatives of Caritas Ndola, University of the Copperbelt and trade unions who are now working closely with the Zambian parliament and government to develop a new tax regime with regard to extraction in Zambia. This should result in increased revenue for the country as a whole. Follow up would be required to see how extra revenue collected would be distributed to communities.

1.3 Outcomes

- The reports published in 2009 attracted unprecedented media coverage (see details under Voice Power and Media Advocacy). The report on Debswana – a joint operation of the Botswana government and the De Beers Group drew massive media attention. Through the publishing of these reports we believe companies are more sensitive about the impacts they create on communities where they operate. We believe that evidence based advocacy moves companies to react, both

negatively and positively to reports – and that this is a catalyst for change in company practice and secondly creates an opportunity for communities to raise their voices and engage with companies. This leads also to greater corporate awareness of the impact of their practices. In the case of De Beers South Africa a meeting with their corporate affairs leaders led to the exploration of projects to improve their practice on the West Coast. West Coast communities have also welcomed the reports, and further afield – from Namibia and Mpumalanga - has led to communities asking for similar research to be conducted.

- The Bench Marks Foundation has challenged Anglo Platinum on how it engages with communities. Through Milieu Kontact, a Dutch environmental NGO Anglo Platinum agreed to a study looking at community perceptions on their relationship with one community. This is work in progress and aims to develop a mining and community engagement model.
- The publication of the reports led to meetings with the Department of Minerals and Energy, where they welcomed the role that independent evidence based research can play in improving the livelihoods of mining communities. They have welcomed the position papers to be developed and see it as an opportunity to engage.
- At a broader level, a growing awareness about the consequences of impacts that large corporations are having on the development of communities puts the Bench Marks Foundation in a position to campaign for changes together with communities and like-minded organisations. A greater awareness among communities leads also to communities wanting to organise and protect their interests.
- The ability to engage with companies in the media and through direct meetings has also enhanced our ability to participate in networks and grow our influence. Towards the end of the year we were appointed to two commissions in the IANRA. In both the research and capacity building and the community mobilisation commissions Bench Marks will play a leading role through 2010 and beyond.
- The Bench Marks Foundation will also be assisting the Tanzanian Interfaith Committee who also deal with bench-marking mining companies in Tanzania, with their media and monitoring strategies in 2010.

> “The research reports and media exposure, coupled with efforts to monitor companies more effectively, led to increasing engagements with companies in the mining sector.”

1.4 Assessment of progress made

We made progress with our research publishing two reports on the diamond-mining sector. The opportunity offered by CAFOD allowed us to make progress with regard to research in the DRC. We are thus still on track to complete a SADC-wide research study on the mining industry which will allow us to make policy recommendations at regional level, together with our partners in the SADC network, having now covered major sectors and companies in South Africa, Zambia, Botswana and the DRC.

While it is clear that our research and the media advocacy that results from it continue to challenge companies we need to make progress in 2010 with regard to improving coordination, popularisation of the research and increasing our advocacy and lobbying efforts.

Aside from the Position Papers intended for advocacy purposes we will be focusing more on mobilising resources for the CSR Centre that will be formally established at the North West University from 2010. This will indirectly increase our research capacity.

The Bench Marks Foundation will develop its own research agenda aimed at developing advocacy and informed demands for communities. This may be different from the research agenda of the University; who has to respond to defined academic objectives. As part of improving our strategic plan for the 2011-2013 period an evaluation is planned that would include tracing what the developmental outcomes are of all our programmes.

2. AFRICA ROUNDTABLE ON INVESTMENTS

The main successes of this programme were the completion and publication of the report on Shoprite, the successful staging of the Steering Committee meeting that allowed us to strategise with partners, visits to Zambia and Tanzania for the promotion of a code of conduct on investment and the support garnered from church leaders in the continent as a whole.

2.1 Research Completed

The report "*Shoprite in Malawi, Swaziland and Zambia*" was released on the 2nd April 2009 in Johannesburg. This joint research report on Shoprite-Checkers was carried out by our partners in Malawi, the Malawi Economic Justice Network, in Zambia, the Civil Society and Trade Network and the Swaziland Council of Churches in Swaziland. The report included a response from Shoprite Checkers - and was reported in at least seven media outlets and television interviews on SABC International, Morning Live on the SABC and Summit TV.

2.2 Advocacy, Networking and Alliance Building

2.2.1 Africa Roundtable Meeting

Under the auspices of the *Africa Roundtable on Investments* the Foundation hosted a joint strategy meeting[1] in April 2009 of the Steering Committees of the Roundtable and the SADC Mining Research and Advocacy Network (also known as the Peace, Principles and Partnership network). The meeting agreed to do research, advocacy and joint fundraising for the network. The Steering Committee includes members from Swaziland, Malawi, Zambia and South Africa.

The main outcome of the meeting was an agreement to merge the two networks and the development of a Research, Advocacy, Networking and Publications Plan to be implemented in the next two years. This would allow the development of crosscutting work like the work on the code of conduct to be developed without duplication and increase efficiencies. In some countries the number of organisations attending had grown to more than 10 across the two networks. It would be more efficient to have had country meetings with representatives at national level, rather than a multiple of partners gathering in South Africa with other countries.

"In the countries surveyed, particularly in Zambia, local farmers and producers complained about Shoprite and said they were losing out to big supermarket chains."

Release of the study of Shoprite in Malawi, Zambia and Swaziland

In the countries surveyed, particularly in Zambia, local farmers and producers complained about Shoprite and said they were losing out to big supermarket chains. The farmers alleged that this is because either they do not meet Shoprite supply standards or they are unable to compete with Shoprite imports. Sustainable economic development is not taking place, leaving host communities angry and poor.

The study challenged Shoprite to demonstrate corporate governance policies that balance the interests of managers, employees, and shareholders with those of communities and that are based on ethical values such as inclusivity, integrity, honesty, justice and transparency. This report generated media coverage in seven newspapers, and on SABC Africa and this is elaborated upon under Voice Power below.

[1] *The merger resulted from the collapse of the Principles, Peace and Partnership network that was a home for the SADC Mining Research and Advocacy Project. This project envisaged a SADC wide overview of legislation and advocacy programme. The African Roundtable was gathering partners in the same countries. In order to preserve the SADC wide programme the networks were merged in order to have greater efficiency per country.*

The Bench Marks Foundation is most concerned with evenly developed economies. Whilst there is potential for Shoprite to promote the renaissance of Africa as they state, their expansion can also lead to deepening inequalities, where local farmers and producers are unable to participate in their business and end up losing their market share. Government investment policies should demonstrate the prioritisation of people and the environment over that of individual companies seeking profits only. This should be supported by the affirmation of the central role of women in economic life and encouragement of gender sensitivity at leadership level.

2.2.2 Call for a Code of Conduct

The Bench Marks Foundation has been canvassing support for a code of conduct for investment in Africa. The Chairperson of the Bench Marks Foundation addressed a gathering of Anglican Church leaders from 18 countries on the African continent. This laid the foundation for the endorsement of the *Church Leaders' Call for a Code of Conduct* on multinational corporations operating on the continent.

In September 2009 nine Anglican Bishops from six countries[2] across the continent signed and endorsed the call for a code of conduct. The code was also presented to the Tanzanian Interfaith Committee on Economic Justice at our meeting in September 2009 and is part of a developing partnership with the Tanzanian faith community.

A planned meeting with mainly South African Church leaders was postponed to 2010. On further reflection – and also due to a lack of funds for a broader meeting with African Church Leaders – we thought that it would be better to deepen bilateral relations, with church and faith based leaders and work with partners operating at a national level to develop support for such a code of conduct, before staging a conference that would endorse such a call.

2.3 Outcomes

We have seen a growing awareness among church leaders on the continent about the need to raise a moral and ethical voice about the conduct of corporations in the continent. In September 18 bishops from across the continent supported the launch of the report on Botswana. Engagements with Councils of Churches in Botswana, Tanzania, Swaziland and ecumenical leaders in several other African countries lead us to believe that awareness is growing and that this work can be enhanced further. This highlights the need for policy development and progressive practices when expanding into the continent and also creates an opportunity for communities in neighbouring countries to engage with South African corporations.

On the request of Massmart, a large retail group expanding into Africa, the Foundation met with the company to discuss their corporate responsibility and focus in Africa. Economic sustainability was highlighted as a clear priority for the retail group and the need to examine their impact on local producers and suppliers and integrate them into their business plans and retail chains.

2.4 Assessment of progress made

The research report on Shoprite put pressure on the company, who did not contest the gist of the findings. It is clear that more companies are worried about their reputation, and the need to improve their corporate practice in the continent. One major challenge is to ensure follow up reports, in collaboration with locally based partners, doing it in a manner that is sustainable by local partners.

[2] *Botswana, Democratic Republic of the Congo, Kenya, Tanzania (2), South Africa, Sudan*

The meeting of the Joint Steering Committee in April 2009 made important plans and these need to be developed and concretised in the next period. Resource mobilisation is a challenge as well as the following:

- The need for further research on Mining and Extractives in general, the Retail sector and the Finance sector. While we conducted limited research on the financial sector in the past, it is clear that the expansion of a number of South African multinationals on the African continent is underpinned by support from large financial houses in South Africa and further abroad. The Bench Marks Foundation needs to develop further capacity to investigate this area.
- The debate around the need for a Code of Conduct needs to be taken up at country level. While the Bench Marks Foundation visited Tanzania and Zambia in this regard, follow up is still required at least in the countries that are members of the network listed at the end of the report.
- The need was stressed for better and more permanent coordination of the network and resources have to be mobilised for that as well as activities outside South Africa.
- There is a need for the Bench Marks Foundation to sharpen the proposals for joint work with partners. We are asking ourselves whether our specific focus should be the monitoring of South Africa multinational activities in the continent, seeking out partners that would join us in monitoring activity that would enhance their own developmental work, rather than developing a specific network dedicated only to extractives led by the Bench Marks Foundation.
- Finally this programme was hampered by a lack of resources in both financial and human resource terms. The programme lacked a specific coordinator for the whole of 2009.
- To overcome some of these challenges we have appointed a Programme Manager as our African wide coordinator to strengthen the linkages with the Foundation and to agree to how we conduct and build solidarity.
- We also plan to get our Africa Roundtable partners to join us in a way to monitor South African multinational companies, using a perception index we are developing. This index does not require in-depth research capability but is a popular tool that can quickly assess how communities perceive South African companies.

“18 bishops from across the continent supported the launch of the report on Botswana in September.”

3. CHURCH AND COMMUNITY PROGRAMME

This programme was previously known as the Churches Ethical Investment Programme -CEIP). As reported in the 2008 Annual Report the programme consists of a series of awareness raising and capacity building activities, holding community based workshops, the arrangement of toxic tours, development of ethical forums and broad based community forums and some capacity building workshops for locally based community organisations. While these continued, the monitoring activists' school took centre stage.

While all these activities were continued during 2009, the training of monitors would be focused on corporate behaviour. A Community Monitoring Activists School for community activists was developed and became a key focus of the Church and Community Programme.

The programme continued with its work in strengthening community organisations and the development of Ethical Investment Forums in the Vaal, Limpopo and Rustenburg. Much of the energy of the Field Workers, Programme Manager and Trainer went into developing and laying the groundwork for the Community Monitoring Activists School.

"Much of the energy of the Field Workers, Programme Manager and Trainer went into developing and laying the groundwork for the Community Monitoring Activists School."

3.1 Community Monitoring Activists School

The project was developed in two phases: potential community monitors were recruited and trained in doing social analysis, computer and Internet based communication skills and the planning of a second phase. This second phase comprised of continued training and the development of action research plans and the development of different community media.

Three training workshops and two review workshops were held with 3 fieldworkers and 10 community monitors[3] from the Vaal, Limpopo, Rustenburg and the East Rand. The CEIP Programme Manager and Educator/Facilitator of the Community Monitoring Activists School followed up the workshops with field visits in order to give further training and reinforce the learning acquired in the workshops. In the second phase, emphasis was placed on the development of community media (newsletters, blog writing.)

During the first phase 10 local individuals from the community were recruited, given basic computer skills and encouraged to become better informed and better skilled activists. Project Officers in Rustenburg, Vaal and Limpopo completed initial contributions to the community monitoring blog site and newsletters focused on their particular areas.

In the second phase, there was a continuation of the Internet based training, with an added focus on developing an action research project. Participants were asked to map and identify problems from their areas and develop action plans within their respective communities.

Further a collection of their observations and the process explaining the Monitoring school was collected in *Action Voices*.

We have also developed a community blogsite in support of and as an integral part of the Community Monitoring Activists School. Community blogs were developed from late 2008 through to 2009 and can be accessed from our website.

[3] *A total of 13 monitors were trained. The three fieldworkers employed by the Bench Marks Foundation in Limpopo, Rustenburg and the Vaal area in Gauteng and 10 monitors (3 from each of the areas and another from the East Rand).*

Area covered	Blog site address	# articles contributed by monitors
Rustenburg – Rustenburg Monitor	*rustenburgmonitor.blogspot.com*	18
Limpopo – Limpopo Mirror	*rantsikeng.blogspot.com*	9
Vaal Monitors Indaba	*Veimi.blogspot.com*	5
The Gamawela Community	*Sites.google.com/site/ gamawelacommunity*	0
Ikemeleng, Rustenburg	*Ikemeleng.blogspot.com*	8
East Rand	*Igoli – Igoli-igoli.blogspot.com*	2

3.1.1 Outcomes

Community activists were trained in analysing their communities, developing communication skills and setting up action groups in their communities. This allowed for the development of a model for a community monitoring school programme that can be replicated with other trainees and communities in future programmes of a similar nature in South Africa and in other African countries. A 7-month training programme was developed to train community activists in observing problems, writing down these observations, using a computer and sending out emails from a public internet facility.

As a result we have a better understanding of the profile of community activists, their levels of formal education, their skills and experience; what such community activists are capable of producing and who are likely to be active in our programmes. We also have experience of the organisational (coordination), logistical (communication) and financial (stipends, transport and other expenses) requirements to manage a project such as this.

The challenges going forward include maintaining an ongoing relationship with the class of 2009, encouraging cost effective access to computers for the monitors and developing a localised strategy to monitor and evaluate activities. Plans for the future include developing a modular curriculum which would involve national and local workshops as well as an e-Learning component.

“Community activists were trained in analysing their communities, developing communication skills and setting up action groups in their communities.”

3.2 Capacity Building Activities in the Communities

The Bench Marks Foundation continued to work with forums (Ethical Investment Forums) established in Limpopo, in the Vaal Triangle with the Vaal Environmental Justice Network and with communities in the Rustenburg Area (especially with formations coordinated by the Rustenburg Environmental Community Organisation) consolidating the work done over the 2006-2008 period. Rustenburg continued to be a focal point for a number of activities. We report in short on the activities that took place in these areas:

A number of ***Toxic Tours*** were organised. Three were conducted in Rustenburg Area for:

- Church Leaders from Tanzania as part of an exchange visit on mining realities and strategies developed to further the interest of communities affected
- a group of German journalists doing preparatory work for broadcasts on the 2010 World Cup, and
- the Human Rights commission, Impala platinum, Extrata and local Municipality in attendance.

In the Vaal two Toxic Tours were arranged, one with Church Ministers and the second for the international partners of the IANRA network.

BENCH MARKS FOUNDATION
Annual Financial Statements for the year ended 31 December 2009

BALANCE SHEET

Figures in Rand	Note(s)	2009	2008
Assets			
Non-Current Assets			
Property, plant and equipment	2	12,327	48,858
Current Assets			
Trade and other receivables	3	11,111	11,111
Cash and cash equivalents	4	274,204	1,093,294
		285,315	**1,104,405**
Total Assets		**297,642**	**1,153,263**
Equity and Liabilities			
Equity			
Retained surplus		236,032	1,100,415
Liabilities			
Current Liabilities			
Trade and other payables		61,610	52,848
Total Equity and Liabilities		**297,642**	**1,153,263**

BENCH MARKS FOUNDATION
Annual Financial Statements for the year ended 31 December 2009

INCOME STATEMENT

Figures in Rand	Note(s)	2009	2008
Revenue	5	3,296,362	5,405,900
Other income		39,083	53,074
Operating expenses		(4,242,147)	(5,046,868)
Operating (deficit) surplus	6	**(906,702)**	**412,106**
Investment revenue	7	42,319	69,679
(Deficit) surplus for the year		**(864,383)**	**481,785**

BENCH MARKS FOUNDATION

Annual Financial Statements for the year ended 31 December 2009

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2009	2008
Revenue			
Grants received		3,296,362	5,405,900
Other income			
Interest received	7	42,319	69,679
Sundry income		39,083	53,074
		81,402	**122,753**
Project Expenses			
African roundtable on investments programme		173,041	426,737
Churches and community programme (CEIP)		1,251,607	1,112,922
SADC mining research and advocacy programme		1,076,829	2,044,395
Voice power		214,214	101,250
Total project expenses		**2,715,691**	**3,685,304**
Administration Expenses			
Accounting and taxation fees		29,098	23,244
Auditors remuneration	9	14,464	9,850
Bank charges		2,704	8,646
Consulting fees		51,557	26,318
Courier services		7,650	8,819
Depreciation		36,531	37,391
Directors' meetings		3,770	5,694
Employee costs		931,925	816,097
Equipment hire		9,069	-
Insurance		13,787	9,180
Lease rentals on operating lease		116,130	64,214
Minor capital expenditure		9,805	15,698
Printing, photocopy, stationery and literature		19,763	24,878
Staff welfare		42,403	57,633
Subscriptions		1,858	2,220
Telephone and fax		63,733	54,846
Travel		172,209	196,836
Total administration expenses		**1,526,456**	**1,361,564**
Total expenses		**4,242,147**	**5,046,868**
(Deficit) surplus for the year		**(864,383)**	**481,785**

HUMAN RESOURCE COMPLEMENT IN 2009

Four office based staff

- Director - John Capel
- Deputy Director - Moses Cloete
- Administrator - Simo Gumede
- Programme Manager (for Church and Community Programme) - Brown Motsau

Field Project Officers - Community and Church Programme

- Vaal Region - Caroline Ntoapane
- Rustenburg - Eric Mokuoa
- Limpopo - Rere Rantsineng

Research Consultancy

- Mudjadji Trading Company in collaboration with the North West University

Education Specialist

- Bobby Marie

Editing and Design

- Leah Marais – Naarchie & Naartjie Media Agency

Media Consultancy

- Quo Vadis Communications

Volunteers

- 10 Trainees in the Monitoring Activists School

BOARD MEMBERS

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