

# Policy Gap 4

SADC Research

## Corporate Social Responsibility in the Diamond Mining Industry on the West Coast of South Africa



**The Bench Marks Foundation**

2009

## **Policy Gap 4**

SADC Research Report

# **CORPORATE SOCIAL RESPONSIBILITY IN THE DIAMOND MINING INDUSTRY ON THE WEST COAST OF SOUTH AFRICA**

by

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**2009**

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## FOREWORD

The Bench Marks Foundation is an independent church based non-governmental organisation monitoring corporate performance in the field of corporate social responsibility (CSR) with a focus on sustainable practices that address labour rights, community rights, gender concerns, HIV/AIDS, and a sustainable system of production. In this regard we promote evenly economic development in the African continent. We address these concerns through our measuring tool, the *Principles for Global Corporate Responsibility; Bench Marks for Measuring Business Performance*.

Its mandate is to examine the role of business in the new South Africa and beyond our borders to realise human rights and promote human dignity. Our main focus in South Africa is around natural resources, in particular mining, its impact on the environment, women, HIV and AIDS, and particularly on communities close to mining operations. We believe that the starting point of economic life is the community and the sustainable development of peoples.

CSR is more than philanthropy and reporting, it is also the strategic interventions that benefit both the corporation and society and that promotes a rights based approach and a developmental angle to companies CSR commitments. The Bench Marks Foundation believes that the gap between policy and corporate practice needs to be addressed and CSR integrated into the core of companies' decision-making processes in order to overcome poverty, growing inequalities and degraded environments.

The Foundation's studies in the mining industry point to a number of interventions that can and must be made that will ultimately provide positive results for communities and the environment.

In South Africa, as in the SADC region, the rush for investment, particularly in the resource extraction sector, often allows for the outflow of economic wealth whilst leaving host countries and communities further impoverished. This impoverishment is seen economically, socially and environmentally and in people's struggles for a meaningful life and dignity.

The SADC region is a mosaic of countries all at different developmental and political stages. The region holds about 50% of Africa's total mineral wealth. The mining sector in Southern Africa has been going through a massive growth period considering rising mineral and commodity prices but is now starting to decline. Political leaders in the subcontinent are implementing a number of strategies aimed at creating a friendly investment climate conducive to exploration and mining activities in the region. However, instead of providing more negotiation power to the SADC countries, mining multinational companies in the region have implemented a divide and rule strategy to seek out the country with the weakest mining legislation.

There are low levels of accountability, transparency and commitment to all aspects related to sustainable development and corporate social responsibility in the mining arena of the SADC region and for business in general. Multinational companies need to focus their corporate social responsibility programmes on the real sustainable development of communities rather than as publicity exercises. They also need to adhere to international good practice and or standards and instruments guiding this.

This study poses a challenge to the diamond companies to improve on their corporate responsibility programmes and to find innovative ways to promote development at community level that addresses some of the negative impacts mining brings.

I trust that both the corporations studied and various branches of government involved will receive the study warmly.

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

## INTRODUCTION

This study looks at three diamond-mining companies on the West Coast: De Beers, Trans Hex and Alexkor. The only company that produced a sustainability report was De Beers. Therefore it might seem that De Beers is unfairly being targeted. This is not the intention. The report notes the superb reporting of De Beers' operations worldwide, but also notes that little is said about their operations on the West Coast.

After 100 years of mining on the West Coast except for the Richtersveld and to a lesser extent Steinhopf communities, communities have little to show in terms of community development, infrastructure or an existence much above that of a subsistence level. There are extreme social problems and the perception of communities is that they do not benefit from mining corporate social responsibility programmes. Communities feel isolated and marginalized, a situation which is further exacerbated by what this study calls 'closed communities' - characterised by a strong corporation defining the lives of communities through its labour policies and through its economic control and influence. Most of the diamond mining towns on the West Coast suffer high unemployment, substance abuse, mental disorders, suicide and domestic violence. There is little evidence of local economic development.

Although most of the diamond mining houses report on their environmental management programmes and have adopted international standards and have third party reviews of their environmental management programmes, the area is seriously affected by water contamination - both ground and surface water are under threat. In addition much of the area looks like a waste site that will take hundreds of years to rehabilitate.

Corporate social responsibility (CSR) cannot be mere window dressing or glossy annual sustainability reports, but must address the social, environmental and economic impacts in a way that does not externalize costs and that leads to true empowerment and shareholding of communities.

The challenge facing the corporations surveyed is to get to grips with community expectations, community needs and to address underlying causes of the negative perceptions of communities towards mining.

Sustainability is not just about profits and shareholder returns but also about the corporation's bigger role in society. Multinational companies have significant power and influence and with the right political will can do a lot more in relation to communities' well-being.

This report addresses in some detail the role of government in regard to community development and in monitoring the social, economic and environmental impacts of mining. The report concludes with recommendations to diamond mining houses and to government. Lastly, thank you to all those that participated in this study, and especially to De Beers.

John Capel

Executive Director, Bench Marks Foundation

# EXECUTIVE SUMMARY

This research on corporate social responsibility (CSR) and the extractive industry in Southern Africa is a research project of the Bench Marks Foundation in collaboration with the Peace, Principles and Participation Network (PPP) covering Angola, Botswana the DRC, Malawi, Mozambique, South Africa and Zambia – a multi-sectoral grouping that has evolved primarily for purposes of advocating for equitable distribution of wealth and developmental benefits at grassroots levels emanating from extractive industries operating across the Southern African Development Community (SADC) region. The initiative is supported by the Netherlands Institute for Southern Africa (NIZA) and arises from research completed by the Bench Marks Foundation on Rustenburg Platinum Mines and extended by the PPP meeting of November 2006 in Durban, South Africa. At this meeting it was decided to focus the research on the applicable legislation, policies and practices in the **extractive industries** in the above-mentioned countries in the SADC region. International best practice and benchmarking conceptualised and monitored by the Bench Marks Foundation as specified in the *Bench Marks framework, Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance*, ('the Bench Marks tool') are key principles in the design and execution of the research.

Mining-related developmental issues - against the background of the social responsibility of the industry - that will be raised in this project will, amongst others, be the following: health and safety, security, education, migrant and settlement patterns, environmental management, poverty eradication, job creation, local economic development, gender, HIV/AIDS, measurement of development needs of communities, etc.

The first phase of this SADC research project, completed and launched in June 2008, involved the mining activities in Malawi (uranium), South Africa (coal, gold, platinum and uranium) and Zambia (copper and cobalt). This research on the diamond industry on the South African West Coast is therefore a continuation of the broader SADC research initiative into the extractive industry.

Mr David van Wyk (Mudjadji Trading, (Pty) Ltd.), Prof Freek Cronjé (North-West University), and Mr Johann van Wyk (North-West University) conducted the research. Mainly three basic research procedures were used for the project: the historical procedure, survey procedure and historic-comparative procedure.

The key issues (findings) that came to the fore from the research are categorised under the three dimensions of **sustainable development** (economical, environmental and social). Integrated within the findings of this research are certain relevant *Principles, Criteria and Bench Marks*<sup>1</sup> - **printed in bold**, that serve as **measuring standards** for the mining companies' CSR performances. An additional measure against these criteria and benchmarks is given through the presentation of results that were obtained in the '*Community CSR Assessment Tool*'.

Some of the **key findings** from this report can be summarised as follows:

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<sup>1</sup> Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance

Except for the Richtersveld community and to a lesser extent the people of Steinkopf, most communities on the West Coast do not benefit much from the companies CSR programmes. The implementation and monitoring of these policies also seem to be problematic. As a result, serious environmental and social problems exist throughout the region. For the industry to become sustainable in the long term, it needs to obtain the support, participation and perhaps shareholding of the communities in which it operates. The alluvial diamond mining industry on the West Coast is by all accounts in steep decline and may even be considered a 'sunset' industry. It may even be possible that the days of large-scale capital-intensive mining in the area are over.

After almost a hundred years of diamond mining on the West Coast communities have little to show in terms of community development, infrastructural development or an existence much above that of a subsistence level. Sound relationships and cooperation between the different stakeholders (mining companies, civil society, government and communities) are essential for the sustainability of the mining sector in West Coast, where human rights often take second place to profitability; whilst CSR often only remains a part of a glossy corporate annual report with little bearing to the reality on the ground.

Government incapacity, in so far as DME and DEAT is concerned implies that the mining corporations in the area have almost carte blanche as far as environmental rehabilitation and mine closure commitments are concerned. The implications are that CSR driven development is rendered ineffective unless the national and provincial governments take the necessary steps to overcome these limitations.

According to the findings, and in particular the results that were obtained from the measure of CSR practises against the *'Bench Marks Tool'* and community perceptions about the industry, effective CSR is not currently experienced by community members on the West Coast.

# ABBREVIATIONS

ABET	-	Adult Basic Education and Training
ABM	-	Alexkor Bay Mining
ABT	-	Alexander Bay Trading
AEMFC	-	African Exploration, Mining and Finance Corporation
ANC	-	African National Congress
ART	-	Anti-Retroviral Treatment
BPPs	-	Best Practice Principles
CRJP	-	Council for Responsible Jewellery Practices
CSI	-	Corporate Social Investment
DBCM	-	De Beers Consolidated Mines
DBNM	-	De Beers Namaqualand
DME	-	Department of Minerals and Energy
DME	-	Department of Minerals and Energy
DoS	-	Deed of Settlement
DTC	-	Diamond Trading Company
ECohS	-	Environment, Community, Health and Safety
EE	-	Employment Equity
EITI	-	Extractive Industries Transparency Initiative
EMP	-	Environmental Management Programme
EPRA	-	Environmental Performance Reporting Application
GRI	-	Global Reporting Initiative
GRN	-	Government of the Republic of Namibia
HDSAs	-	Historically Disadvantaged South Africans
ICMM	-	International Council of Mining and Metals
IDPs	-	Integrated Development Plans
IPCC	-	Intergovernmental Panel on Climate Change
LBS	-	London Business School
LCC	-	Land Claims Court
LTIFR	-	Lost Time Injury Frequency Rate
LTISR	-	Lost Time Injury Severity Rate
MDC	-	Marine Diamond Company (Pty) Ltd
MEC	-	Mineral Energy Complex
MPRDA	-	Mineral and Petroleum Resources Development Act
NEMA	-	National Environment Management Act
NGOs	-	Non-Governmental Organisations
OHSAS-	-	Occupational Health and Safety Advisory Service
PSJV	-	Pooling and Sharing Joint Venture
RVC	-	Richtersveld community
SCA	-	Supreme Court of Appeal
SEAT	-	The Socio-Economic Assessment Toolbox
UNGC	-	United Nations Global Compact



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# 1. INTRODUCTION

This research on the diamond industry on the South African West Coast is a continuation of the broader SADC (Southern African Development Community) research initiative into the extractive industry. The main focus is **corporate social responsibility (CSR)** practices of mining companies regarding the three basic dimensions of sustainable development - namely economical, environmental and social – in the areas in which they operate.

The previous and latest research being done by the Bench Marks Foundation (*see Point 2 below*) clearly showed that mining communities throughout the SADC region are characterised by **poor environmental as well as social conditions**. The poor management of waste and substances that impacts on surface water, ground water, the health of community members, air pollution, etc. is seriously threatening a sound eco-system in most of the mining environments. Some of the poor social conditions in mining communities are poverty, unemployment, poor housing (and in some places overcrowded single sex male hostels) and infrastructure, prostitution, poor health as well as the high influx of unaccompanied documented and non-documented migrants.

Despite political reform in the region, for example the new political dispensation in 1994 in South Africa, these environmental, social and economic conditions still persist in most of the mining communities. Globally and nationally there has been pressure on corporations to be more accountable for and transparent about their actions in the communities where they operate. This entails that companies not only focus on the profitability and production of the company, but also direct the focus of their core business to CSR, which implies being involved in **sustainable development** in the communities. However, these policy interventions have their own limitations, and the fact that many mining operations still confuse CSR with philanthropy and/or hand-outs to communities, has resulted in numerous problems associated with omissions, deliberate cutting of corners and overt and covert misrepresentations.

# 2. BACKGROUND AND ORIGIN OF THE RESEARCH PROJECT

This research on CSR and the extractive industry in Southern Africa is a research project of the Bench Marks Foundation in collaboration with the Peace, Principles and Participation Network (PPP) covering Angola, Botswana, the DRC, Malawi, Mozambique, South Africa and Zambia – a multi-sectoral grouping that has evolved primarily for purposes of advocating for equitable distribution of wealth and developmental benefits at grassroots levels emanating from extractive industries operating across the SADC region. The initiative is supported by the Netherlands Institute for Southern Africa (NIZA) and had arisen from research completed by the Bench Marks Foundation on Rustenburg Platinum Mines and extended by the PPP meeting of November 2006 in Durban, South Africa. At this meeting it was decided to focus the research on the applicable **legislation, policies and practices in the extractive industries** in the above-mentioned countries in the SADC region. International best practice and benchmarking conceptualised and

monitored by the Bench Marks Foundation as specified in the Bench Marks framework: ***Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance***<sup>2</sup>, will be key principles in the design and execution of the research.

Mining-related developmental issues – against the background of the **social responsibility** of the industry – that are raised in this project are, amongst others, the following: health and safety, security, education, migrant and settlement patterns, environmental management, poverty eradication, job creation, local economic development, gender, HIV/AIDS, measurement of development needs of communities, etc.

The first phase of this SADC research project involved the mining activities in Malawi (uranium), South Africa (coal, gold, platinum and uranium) and Zambia (copper and cobalt). A comprehensive desktop report on the above-mentioned mining activities in the different countries was completed in February 2008.<sup>3</sup> After completion of the fieldwork, a Final Report for each mining sector was compiled, released and officially launched at an international conference during the first week of June 2008 in Johannesburg.<sup>4</sup>

This study on the CSR practices in the diamond mining industry on the West Coast of South Africa forms part of the second phase of the SADC research, which also involves studies on the diamond mining activities in Botswana and copper mining in the DRC.

### 3. AIMS OF THE STUDY

- Highlight key issues in the mining industry on the South African West Coast against the background of the CSR practises of mining companies in relation to the dimensions of sustainable development.
- Critically analyse the findings especially in terms of the gaps between policy and practises – CSR Bench Marks, Criteria and Principles will serve as reference point.
- Make practical recommendations in order to bridge the above-mentioned gaps through sound CSR practices and to enhance sustainable development in the area.

### 4. RESEARCH METHODOLOGY

Mainly three basic **research procedures** were used for the project, namely the Historical, Survey and Historic-comparative procedures.

The **historical procedure** (literature review) was used specifically for the historical, legislative, policy and industry overview of the area. More generally, the historical procedure was also used to analyse, conceptualise and contextualise all facets of the research. Books, scientific journal articles, popular articles, newspapers, reports, annual reports of mining companies,

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<sup>2</sup> 2003 Edition

<sup>3</sup> available at [www.bench-marks.org.za](http://www.bench-marks.org.za)

<sup>4</sup> ibid

conference proceedings and databases as well as the Internet were used as sources for applying the historical procedure.

To gather the empirical information, the **survey procedure** was used. When working with and in mining communities, a qualitative approach is the better choice for the subject matter in that it enables the respondents to expand on their points of view without being limited by the questions. Data collection methods included interviews, focus groups and researcher observations. As the elements of interviews with community members and focus groups within communities (interviews were also conducted with representatives of the mines, contractors working for the mines as well as local government officials) were not fixed beforehand, they were semi-structured on the basis of a list of topics related to the interaction between mining companies, government and communities; the environmental, cultural, socio-economic, political and health impact of mining on communities.

A degree of flexibility was allowed to assist the interviewer to probe deeper where it was felt that more relevant information could be obtained through further questioning. Questions and topics were not necessarily asked in the same order each time as this depended on the way the interview developed. This allowed the person(s) being interviewed – either in a personal interview or focus group - a degree of freedom to voice concerns and to participate in directing the flow of the conversation. These in-depth interviews assisted in clarifying what themes and topics are considered to be important, what the major concerns of individuals and communities are and the relationships between different strata within communities such as those who support mining development, those who oppose it, gender-related views, views of the youth, the aged, traditionalists and modernisers, etc.

**Focus groups** (8 to 12 people) and interviewees were selected purposely to take account of gender, race, migrant or local status, age and specific interest groups. To enhance the scientific nature of the study, at least two researchers (interviewers) facilitated each focus group and each personal interview. Different individuals in different areas were also used as key informants. Patton<sup>5</sup> describes key informants as "... people who are particularly knowledgeable about the inquiry setting and articulate about their knowledge – people whose insights can prove particularly useful in helping an observer understand what is happening and why." Several observations (e.g. experiencing the effects of environmental degradation, experiencing the effects of retrenchments of workers, socialising with local communities, etc.) were possible during the research that gave an insight into the research setting.

**Participatory observation** was also used to gather information. The research team stayed for more than a week in the research setting and interacted with community members and leaders, local inhabitants of small mining towns as well as contractors that are working for the mining companies.

Before and after the fieldwork, the researchers also attended related mining meetings and conferences as well as meetings with NGOs (non-government organisations), CBOs (community-based organisations) and FBOs (faith-based organisations) back home. All these meetings, conferences and workshops contribute to the better understanding of the overall picture of the

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<sup>5</sup> Paton 2002:321

mining environment in South Africa, which is very much useful in analysing and interpreting the findings and results in a specific research setting.

The interviews with the respondents were translated, where necessary, and transcribed. The content of the data was then analysed by means of **conceptual (thematic) analysis**. According to Palmquist *et al.* (2005), the process of conceptual analysis comprises eight steps, namely:

- Deciding on the level of analysis
- Deciding on how many concepts to code for
- Deciding whether to code for the existence or frequency of a concept
- Deciding how to distinguish among the concepts
- Developing rules for the coding of texts
- Deciding what to do with irrelevant information
- Coding texts
- Analysing results

A more theoretical (contrary to a practical) approach - that is the interpretation of written sources (literature control; *also see historical procedure*) - was used as the basic point of departure for the analysis and interpretation of the results. According to Guba<sup>6</sup>, there are four elements for increasing trustworthiness in qualitative research:

- **Truth value** – confidence in the truth of the findings and the context in which the study was undertaken
- **Applicability** – the degree to which the findings can be applied to other contexts and settings or with other groups
- **Consistency** – whether the findings would be consistent if the inquiry were replicated with the same subjects or in a similar context
- **Neutrality** – the degree to which the findings are a function solely of the informants and conditions of the research and not other biases.

Further investigation was also performed through the **quantitative research paradigm** by collecting data from questionnaires. These were compiled for use on mine management (*CSR Assessment Tool*) as well as on some community groups (*Community CSR Assessment Tool*). See Appendices A and B for copies of these questionnaires. These questionnaires are based on the Bench Marks framework: *Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance*.

The quantitative data that is used in this project aims at serving as a verification of the qualitative data by illustrating the opinions of respondents in a quantified manner. **Quantitative data analysis** was done by manually analysing information obtained from questionnaires. This

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<sup>6</sup> In Krefting, 1991

was done through interpreting the scores given to items in the questionnaires that intended to measure respondents' experiences of CSR in the mining environment.

All **sampling** and the nature thereof was done jointly by the researchers, community leaders, community members, government officials, the mining companies and other interest groups. Thus in Hondeklip Bay the sample included small and medium enterprise (SME) owners in the bed and breakfast industry; SME operators of marine diamond vessels; representatives of the Hondeklip Bay Empowerment Livelihood Project (HELP); subcontractors; shop-owners; local government officials and a retired NUM shop steward (*see Appendix C*).

The **historic-comparative** procedure was applied in order to compare and "measure", for example, the different mining sectors in South Africa, and even some of the companies and communities in the region, against one another. Here and there comparisons to other (developed) countries (e.g. Australia and Canada) also took place as a way of benchmarking and the application of international best practice.

A few **case studies** were also used to gather some information. Some case studies in the region provided the researchers with some "classic examples" of certain aspects of the diamond industry (e.g. good practices, areas of pollution, areas of conservation, successful community engagement, etc.). These case studies can serve as "show cases" to illustrate certain points and even help with the processes of pattern matching and explanation-building.<sup>7</sup> Interviews, focus groups and questionnaires were held with and completed by numerous individuals and groups on the West Coast (*see Appendix C*).

A contracted research assistant, a final year Anthropology student from the University of Johannesburg (UJ), accompanied the research team and did invaluable work regarding the administration of the research, helping with the fieldwork as well as transcribing the interviews.

To enhance the scientific quality of the research, the project will be subjected to a **peer review** process towards the end of the project. The European Centre for Migration and Social Care (MASC) at the University of Kent, Canterbury, UK will act as peer review agent. The research results will be disseminated in the following ways:

- Dissemination to all the affected **mining corporations** for their comment prior to the results being made public
- A launch of the research in 2009 at which representatives of all stakeholders will be present
- Community workshops with the researched communities so as to empower them to understand and use the research results in their engagement with mining concerns
- Scientific publications, academic addresses, popular media and the Internet

## 5. ETHICAL CONSIDERATIONS

The following ethical considerations were always kept in mind while conducting the research:

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<sup>7</sup> See Babbie & Mouton, 1998:280-283

- Voluntary participation (no participant was forced to participate in the research and participants were free to withdraw from the research at any stage)
- No harm to participants (the researcher ensured that no physical or psychological harm was done to the participants as a result of the study)
- Anonymity and confidentiality (all information gathered during the study were dealt with confidentially and permission from the participants were obtained for all information to be shared publicly. Permission was also obtained from all individuals who were photographed to allow the use of these photographs where required)
- Not deceiving the subjects (participants were informed concerning the aim, the purpose and the procedures of the study and were not deceived in any way).

## 6. LIMITATIONS OF THE RESEARCH

Although the main outcomes of the survey were generally successful, there were however, some limitations that the researchers experienced in the research process. The first drawback experienced was that the researchers experienced **difficulties to interview representatives of the mining companies** and to get members of **mine management to fill out questionnaires designed for companies**. This is fairly normal for this kind of research; in Australia for example the rate of return for CSI/CSR questionnaires to industry is only 5%. Several follow-up telephone calls and e-mails were made and sent in order to get the desired response; these repeated efforts were obviously frustrating and time consuming. Most of the representatives of companies at the West Coast also preferred to send the company questionnaires to the Head Offices in Johannesburg. Eventually, the only company that responded from management side was De Beers.

A general cooperative attitude from the research subjects in the area was experienced. But, as elsewhere in other communities, the research team picked up some dividing conflict and “politics” within the local communities; this was due to historical and or political reasons, clashing personalities and developments within local and provincial government structures. These “instabilities” hindered the gathering of information to a certain extent.

## 7. BACKGROUND TO THE WEST COAST DIAMOND INDUSTRY

In order to contextualise and better understand the research setting, a brief historical background sketch, interspersed with some critical observations that complement the Analysis (*Point 8*), will be given.



## Historical Overview Summary

**1892:** By 1892 De Beers consolidates its control over all the mines of Kimberley.

**1893** the London Diamond Buying Syndicate was formed to market all the diamonds of the main South African producers, and after the First World War it made further agreements with South West African interests.

**1890's:** After securing the Charter for the British South Africa Company, Rhodes secured all diamond rights in Bechuanaland (Botswana); Southern and Northern Rhodesia, and eventually a controlling interest in Premier Mine near Pretoria for De Beers.

**1920's:** First diamonds are discovered on the South African coast, leading to a southward spread in mining operations.

**1925:** Diamond Control Act was passed enabling the Government of the Union to control the mining and disposal of stones in the absence of an approved producers agreement

**1927:** The government in Pretoria passed the Precious Stones Act, and prohibited prospecting in the area.

**1929:** De Beers, which now had a controlling interest over most production in South Africa, floated the Diamond Corporation Limited to replace the now dysfunctional syndicate.

An Act of the Union Parliament established Kimberley as the only place of export of diamonds in the country; sales of uncut stones were allowed at three centres only - Kimberley, London and Amsterdam – at uniform prices.

**1960's:** The first diamonds are recovered from the sea, initiating both small scale diver assisted mining in the nearshore zone and large scale dredging operations in the offshore zone off the coast of South Africa.

**1970's:** International diamond market slumps resulting in a temporary cessation in offshore dredging operations, but onshore and small-scale diver assisted mining continues in the nearshore zone.

**1990's:** As richer onshore deposits become exhausted, offshore mining operations recommence, initiating an increasing shift in emphasis from onshore to offshore operations.

During the 19<sup>th</sup> Century the Kimberly diamond mines gradually came under the exclusive control of De Beers. The fact that the company belonged to Cecil Rhodes, who was also the Prime Minister of the Cape allowed for the company to use the Cape legislature to pass laws that secured cheap labour, resources and the necessary capital to move from alluvial mining to mining at deeper levels. This set the tone for the mining industry throughout the history of South Africa. From this time on the industry continued to exert undue influence over government, with the lines between the industry and the state, and the interests of powerful mining personalities and powerful political personalities often blurred.

The unrestricted access to the diamond fields and the uncontrolled sales of diamonds led to situations of oversupply and depressed markets. Claims were consolidated under joint stock companies and government began to regulate both access to the industry and the sale of diamonds. By 1892 De Beers controlled all the mines of Kimberley. Rhodes intended to establish a monopoly over all the diamond fields and mines in Southern Africa and acquired rights in every place where a discovery threatened the interest of De Beers. After securing the Charter for the British South Africa Company, Rhodes secured all diamond rights in Bechuanaland (Botswana); Southern and Northern Rhodesia, and eventually a controlling interest in Premier Mine near Pretoria for De Beers.

As a result of the first scientific attempt to discover the origin of the Vaal alluvial diamonds, rich deposits were found in the Lichtenburg and Rustenburg districts of the Transvaal in 1925. In 1926 the government opened the Lichtenburg fields to a diggers rush. And within one year 80,000 white diggers and 100,000 black labourers were living on these diggings. Production of alluvial stones increased from 239,257 to 2,318,407 carats between 1925 and 1927, while the average value per carat, which was normally three times that of mine stones, declined from £19s 5d to £2 13s 6d. At the same time the mines' production remained roughly constant at 2,250,000 carats, valued at £2 18s per carat. For the first time the production and value of mine and alluvial stones were roughly the same. The controlling companies were forced to buy up large quantities of alluvial diamonds to maintain prices.<sup>8</sup>

In 1908, an ex-mine worker from Kimberley, Zacharia Lewala, recognized diamonds in the gravel he turned over near Kolmanskop in the vicinity of Luderitz.<sup>9</sup> This discovery in German South West Africa (Namibia) was declared a 'sperrgebiet' by the German Government with sole prospecting rights granted to the Deutsche Diamanten Gesellschaft. South Africa occupied Namibia during World War One and Ernest Oppenheimer's Consolidated Diamond Fields took over these fields.<sup>10</sup>

In 1925 Jack Carstens of Port Nolloth found a large gem diamond during a prospecting trip to Namaqualand (Carstens, 1962). While the existence of diamonds in this area was known for many years, this fact did not attract much attention until Dr Hans Merensky demonstrated that the diamantiferous ground extended for over 150kms southward from the mouth of the Orange River. Dr Merensky picked up 487 diamonds from under a single flat rock, and 'during the single month of September 1926, picked up a total of 2 762 precious stones near Alexander Bay'.<sup>11</sup>

What is significant about this initial history is that Zacharia Lewala is just a footnote of history today. The communities on whose land these discoveries were made have been all but forgotten by history. Carstens was also robbed of making any fortune as a result of a number of shady deals that saw the diamond bearing land being concentrated in the hands of Anglo American Corporation and De Beers. Carstens eventually ended up being a De Beers employee.<sup>12</sup>

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<sup>8</sup> Haily, 1938:1510

<sup>9</sup> Joyce & Scannel, 1988:10

<sup>10</sup> Joyce & Scannel, 1988:10

<sup>11</sup> Joyce & Scannel, 1988:10

<sup>12</sup> Carstens, 1962

The discovery of the Namaqualand diamonds posed a serious threat to the industry. Uncontrolled production in this rich diamond field, where diamonds could be extracted at the cost of 1% of their value would have destroyed the market. Like in Kimberley in the 19<sup>th</sup> Century the diamond rush on the West Coast of South Africa led to a diggers rebellion. Thousands of diggers poured into the area between Kleinsee and the Ghariep (Orange) River. The diggers threatened to seize the fields by force.<sup>13</sup> In 1927 the government in Pretoria passed the Precious Stones Act, and prohibited prospecting in the area, except for 100 discoverers' claims allocated to the Merensky Syndicate near Alexander Bay and the farm Kleinsee at Buffelsrivier mouth operated by the Cape Coast Exploration Company (Haily, 1938:1510).

The government declared the 80km belt State diggings. The state itself thus acquired a direct interest as a producer and marketer of diamonds. The Precious Stones Act simultaneously modified previous policy in the Union of South Africa with regard to alluvial diggers in the country. The Act preserved the exclusive prospecting rights of landowners on their land, but also allowed for the passing of regulations, which while allowing for the granting of permits to diggers practically excluded companies and syndicates. The Act also allowed for the possibility to set a limit on the total amount of alluvial production, and a severe restriction of the number of diggers' permits made applicable to any diggings, which may be proclaimed in the future. This state aided form of fixing supply reduced the output of alluvial stones to 918,706 carats at £3 6s 9d per carat in 1930.<sup>14</sup>

In 1893 the London Diamond Buying Syndicate was formed to market all the diamonds of the main South African producers, and after the First World War it made further agreements with South West African interests. However, other countries began to assume prominence in the diamond industry and South Africa gradually lost its dominant position. Whereas the country produced 76% of world output in 1913, by 1925 South African production dropped to 57% of global output. The Diamond Buying Syndicate had stopped being a reliable check and the Diamond Control Act was passed in 1925 enabling the Government of the Union to control the mining and disposal of stones in the absence of an approved producers agreement.<sup>15</sup>

The mines set up a more powerful syndicate, and its operation and the abnormal demand caused by the 'roaring twenties' boom in the USA, which consumed 80% of world production, helped to buffer the market from shocks caused by the phenomenal increase in supplies from the Transvaal and Namaqualand alluvial fields.

The 1929 stock market crash put the industry at risk causing De Beers, which now had a controlling interest over most production in South Africa floated the Diamond Corporation Limited, which replaced the old Syndicate and took over the accumulated stocks. This once more paved the way for collusion between the government and De Beers. A producers association was created in which each member, including the government (who was also a producer) received a fixed percentage of trade, and the sale of diamonds became the fixed preserve of the Diamond Trading Company Limited, which was a subsidiary of the Diamond Corporation Limited. An Act of the Union Parliament established Kimberley as the only place of export of diamonds in the country; sales of uncut stones were allowed at three centres only - Kimberley, London and Amsterdam – at

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<sup>13</sup> Joyce & Scannel, 1988

<sup>14</sup> Haily, 1938:1511

<sup>15</sup> Haily, 1938:1511

uniform prices. The Corporation also entered into agreement with companies mining the deposits in the Belgian Congo, Angola, and British West Africa to buy all their stones and market them with the South African diamonds through the same channels.<sup>16</sup> Thus the Namaqualand diamonds became locked into a global producing and marketing cartel which set up an economic relation of dependence between African production and European marketing which skewed the industry in favour of London, Antwerp and after World War 2, Tel Aviv.

It was not until 1961 that diamonds were mined offshore on the west coast of southern Africa. Sam Collins a rich Texan whose company specialised in submarine pipelines became interested in the theories that rich diamond deposits lay offshore of the Orange River mouth. His pipeline experience enabled him to develop techniques for dredging diamonds from the seabed. The feasibility of this venture was doubted, however, as it was accepted at that time that the deposits could not be mined economically. Sam Collins was not deterred and tenaciously stuck to the task, proving his critics wrong. His company Marine Diamond Company (Pty) Ltd (MDC) successfully mined payable deposits in shallow water off Khamies and Bakers Bay. In the process he experimented with various sea going vessels, from small fishing boats, to large mining barges, to a converted 70 m ex-US Navy tank landing craft, using a combination of airlifts and centripetal pumps. Initially De Beers had thought that this would not be economical but admitted their error, eventually buying a controlling share of MDC in 1965. Soon after however, the diamond market slumped and MDC ceased offshore mining operations in 1971. Smaller scale operators continued to mine from converted fishing vessels, however, while De Beers continued prospecting in deep water areas.

Small-scale shallow water operations continued to increase steadily over the years, but deep-water offshore mining operations only really started again in the early 1990s. These deep-water operations now represent the pinnacle of technological development in the diamond mining industry, requiring dedicated mining vessels, complex electronic navigation systems and specialised remotely operated mining tools. Onshore diamond mining operations along the coast are also a far cry from their early beginnings when diamonds were first collected by hand on moonlit nights. At first diamonds were excavated manually using shovels, which were then screened by various sieving techniques. Gradually mechanical excavators and concentrating devices were employed to process the large volumes of sediment required. Today large mining plants process millions of tons of gravel per year, utilising heavy-media separation, cyclones and x-rays in the concentration process.

## **7.1 ALEXKOR (ALEXANDER BAY AND THE RICHTERSVELD)**

Alexkor is a state owned mining company, which mines alluvial diamonds in Alexander Bay on land belonging to the communities resident in the Richtersveld (hereinafter the Richtersveld community). The Richtersveld and Alexander Bay are located in the extreme northwestern corner of South Africa next to the southern border of Namibia.

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<sup>16</sup> Haily, 1938:1512

The Richtersveld community was living on the subject land when the British annexed the area in 1847, and continued to live there undisturbed until the 1920s, when diamonds were discovered. After that time, the Richtersveld people were progressively dispossessed of the subject land as mining licences were granted over the area. In 1957 the subject land was fenced off, and in the early 1990s the land was vested in Alexkor Ltd, a government owned diamond-mining company.<sup>17</sup>

The community brought a claim for restitution in the Land Claims Court (LCC), which rejected their claim.<sup>18</sup> The LCC held that the Community did not have a right in land based on ownership at the time of annexation because at that time, the Richtersveld people were considered to be 'too low in the scale of social organisation'<sup>19</sup> for their rights in land to be recognised. Thus the LCC accepted that, upon annexation, the subject land became Crown Land. The LCC also rejected an argument by the Community that the doctrine of aboriginal title forms part of South African law and that their right to restitution could flow from aboriginal title. The LCC held that it did not have the jurisdiction to entertain such a claim. The LCC did find that the Community was in 'beneficial occupation' of the subject land in the ten years prior to dispossession, and this kind of interest in land can be a basis for restitution. However, the LCC held that to have a right to restitution under the Act, the dispossession must have been the result of a law or practice designed to implement 'spatial apartheid'. Because the dispossession of the Richtersveld Community was not done for this purpose (it was done to enable exploitation of the land's mineral wealth) the Community was not entitled to restitution.

On appeal to the Supreme Court of Appeal (SCA), it was held that the Community did have a right to restitution.<sup>20</sup> The SCA held that, at the time of annexation, the Community owned the subject land, and this ownership was based upon the traditional laws and customs of the Richtersveld people. The SCA further held that the Richtersveld Community's rights to the land survived annexation, and continued until the Community was dispossessed in the 1920s. The SCA also rejected the LCC decision that dispossession must have occurred under a law or practice designed to implement spatial apartheid. The dispossession of the Richtersveld Community in the 1920s was racially discriminatory because their rights to land were ignored because of an assumption that they were too 'uncivilised' to have rights to the land. Thus the SCA held that the Richtersveld Community was entitled to restitution. Significantly the Constitutional Court rejected Alexkor's appeal.<sup>21</sup>

A general impression of Alexander Bay is that alluvial diamond mining activities have virtually come to a standstill, it would seem as if Alexkor, like De Beers, is also shifting its attention from alluvial diamond mining to marine mining with a number of sub-contractors operating vessels on behalf of the company. This will have serious implications for the Richtersveld Community as the Alexkor settlement with them excluded marine diamonds.<sup>22</sup>

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<sup>17</sup> Coetzer, 1997:1-13

<sup>18</sup> See *Richtersveld Community v Alexkor Limited* 2001 (3) SA 1293 (LCC)

<sup>19</sup> *In re Southern Rhodesia* [1919] AC 211 at pages 233-4

<sup>20</sup> See *Richtersveld Community v Alexkor Limited* 2003 (6) SA 104 (SCA)

<sup>21</sup> *Alexkor Ltd v The Richtersveld Community*, Constitutional Court of South Africa, 2003

<sup>22</sup> Also see point 8.1 of this report

The experience of the ten year court battle united the Richtersveld Community which includes the towns of Eksteenfontein, Lekkersing, Buboos and Vioolsdrift and the differences in attitude, work ethic and levels of organisation between these communities compared to those of Port Nolloth and Hondeklip Bay is significant. The communities in the Richtersveld show a clear desire to uplift and develop their communities. There is a high level of resentment from many of the residents in Port Nolloth against the people of the Richtersveld.

## 7.2 DE BEERS (PORT NOLLOTH)

Port Nolloth is a town and domestic seaport in the Namaqualand region on the northwestern coast of South Africa, 110 km northwest of Springbok and some 50 km south of Alexander Bay. Originally the port was previously a transshipment point for copper from the Okiep mines and diamonds from the Namaqua coast.

Its location was marked by Portuguese explorer Bartolomeu Diaz in his epic voyage around the Cape of Good Hope in 1487. It was the last landfall he sighted before a wild storm blew his ship off course and out to sea for thirteen days.

The people of Namaqualand were recorded to have mined and worked copper as early as 1661. The Van Meerhof expedition noted the wealth of metals displayed by the Namaqua:

“Their dress consists of all kinds of beautifully prepared skins... gorgeously ornamented with copper beads... Their locks they thread with copper beads covering their heads all over. Around their necks they have chains, slung round them 15 or 16 times. Many have round copper plates suspended from these chains. On their arms they have copper and iron beads which go around their bodies 30 or 40 times... Their only industry is working in copper and iron, from which they make very neat beads and chains.”<sup>23</sup>

The above reference of seeming industriousness is in stark contrast to the lethargy found amongst coastal communities currently. Noting their historic ability to mine and work with metals one would have thought that the communities would have been able to adapt naturally to the requirements of the diamond industry. Their current lethargy is perhaps the product of poor labour practises in the industry over the last 100 or so years.

The land surrounding the bay remained virtually uninhabited until James Alexander's started the mining of copper at Okiep after 1852, a hundred miles inland from the bay. The Cape Colony administration immediately commenced a survey of the coastline to locate a suitable harbour from which to ship the copper ore. The bay was surveyed in 1854 and selected for a future port based largely on its sheltered aspect from offshore winds.<sup>24</sup>

A rudimentary quay was built in 1855, wide enough to accommodate the horse-drawn wagons that carried the copper ore from Okiep to the port. A small service town rapidly developed and was named Port Nolloth by Cape Colony Governor Sir George Grey, in honour of its surveyor, Captain M.S. Nolloth.

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<sup>23</sup> Quoted in Smallberger, 1975:11

<sup>24</sup> Smallberger, 1975:14-15

In 1874 a 96-mile long narrow gauge railway between the mine and the port replaced the wagons and the quay was lengthened to 220 feet. While the railway significantly improved overland transport to the port, the increasing size of ore carriers began to create navigational difficulties in the bay. By the early 1900s the sheltered aspect that had attracted surveyors fifty years before was proving too difficult for larger vessels, several of which ran aground on a coastal reef extending across the channel. The difficulties of the harbour and expensive ship repairs encouraged the development of an alternative transport route and by 1910 most Okiep ore was being carried by truck to the railhead at Bitterfontein in preference to shipments direct from the port.

With ore shipments declining, the Port was revived in 1926 with the discovery of alluvial diamonds along the coast to the north and south of the town. A rush of prospectors and investment re-established Port Nolloth as a substantial service centre, even as copper shipments ceased altogether in 1944.

After 1976 large-scale shipping at Port Nolloth was reduced to a single tanker, the *Oranjemund*, which visited the port fortnightly to exchange supplies for fish and diamonds. However, the gradual reduction in alluvial diamond discoveries made the long voyage from Cape Town uneconomic and shipping declined dramatically. Although most port activity now consists of minor fishing vessels and recreational boating, De Beers manages their marine operations out of this port. A number of sub contractors operating marine mining vessels also operate from this port. A number of Alexkor employees reside in Port Nolloth and commute daily to Alexander Bay. Unemployment, substance abuse and sex work seems to be common in the town.

### 7.3 DE BEERS (KLEINZEE)

Peter Carstens, the son of Jack Carstens who found the first rough diamond in the area, wrote a detailed anthropological study of the town of Kleinzee.<sup>25</sup> He argues that it is a typical mining town<sup>26</sup> that fits the ideal type of a closed institution.<sup>27</sup> It is like other company towns, those social and economic products of industrial capitalism that exist in most remote parts of the world that offer natural resources of significant value.

Peter Carstens situates his story of a company town *par excellence* within the theoretical and functional debates of what defines a company town, and how the social anthropology of these towns differs in important ways from other forms of social and economic organisation of normal towns. The diamond-mining town of Kleinzee is situated in the remote semi-desert reaches of Namaqualand to the south of the Orange River in South Africa. The town is located between Port Nolloth to the north and Hondeklip Bay to the south.

Kleinzee was part of the rich alluvial belt of coastal diamonds that were discovered in 1925 and 1926 along the cold waters of the Atlantic Ocean, stretching from the southern desert of Namibia (where diamonds were discovered twenty years earlier) into the Northern Cape Province.

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<sup>25</sup> Carstens, 1994

<sup>26</sup> Carstens, 1994:3-12

<sup>27</sup> Goffman, 1961

Control of these diamond fields was quickly wrested from the private prospectors and smaller companies by the most powerful diamond company in the world, De Beers. De Beers' control and influence (together with Anglo-American) over the lives and socio-economic structure of Kleinsee was formidable, linking the mine and its functions into global capitalism while simultaneously structuring its employees' lives and destinies in profound ways typical of isolated company towns.

Carstens concludes that company towns like Kleinsee, together with other "closed communities" such as the military, are not total institutions in their own right, but rather subject their participants to social conditions associated with "incomplete communities" that induce a range of pathologies including high suicide rates, domestic violence, mental disorders and substance abuse.

The development and control of Kleinsee combines broader industrial and organisational processes of capital and production that were international in character with the specificities of South African politics. Fordist-style mining operations made an easy partner with the racial segregation and discrimination on which not only the diamond mines, but also the gold mines of South Africa prospered. Carstens shows how the macro-political events of the past decade in South Africa have changed the racial criteria that were central to the labour architecture of the mine.

In the early 1990s De Beers quickly reconfigured its racial policy to one of inclusion to mirror the rise of the African National Congress to power in 1994 which, in turn, marked the formation of the country's first democratically elected government and the abolition of racial discrimination. If anything, De Beers was proactive in its integration of Blacks into the professional and management ranks of the company, illustrating Carstens' assertion that hegemonic control of its workforce by companies like De Beers is accompanied by various propagandist strategies to maintain a positive image both within the company town and the international political arena.

Perhaps the company even went overboard when appointed the former premier of the Northern Cape to become the Chairperson of the Board of De Beers South Africa. Kleinsee is typical of South African mining towns and perhaps provided an early blueprint for the segregationist towns of the Gold Fields in the 1950s and the history of Kleinsee makes an important contribution to our understanding of the complex South African mining history (labour, migrancy, politics and social dynamics).

#### **7.4 TRANS HEX (HONDEKLIP BAY)**

Hondeklip Bay is situated west from Kammieskroon in the Northern Cape, just south of Kleinsee and Koingnaas. It is located in a small area in between two exclusion zones owned and controlled by De Beers.

The village originally was used as a harbour to export copper ore from the mines around Springbok, transported over 200km by ox-wagon. Later a railway-line was built to connect to Port Nolloth, because many ore-carrying vessels were wrecked in the heavy seas and thick fog



endemic to the west coast.<sup>28</sup> The town now serves the fishing and diamond-mining community, since diamond dredgers use Hondeklip Bay as their base town. Most of the Trans Hex operations have come to an end. However, the environmental restoration in the area where Trans Hex operated leaves much to be desired, and is a source of community discontent.

The Hondeklip Bay community is seriously divided, suffers high levels of alcoholism and unemployment. However HIV/AIDS prevalence is insignificant due to the isolation of the village.

In the following section, an analysis is presented on the CSR performances of the above-mentioned diamond mining companies.

## 8. FINDINGS AND ANALYSIS

De Beers is the largest of the three companies under investigation (in terms of size and its overall contribution to the industry) and the analysis below is much more focussed on De Beers' CSR performance than the performances of the other two companies, namely Alexkor and Trans Hex. Another factor influencing this focus of the analysis is the fact that De Beers has got by far the most comprehensive annual report of the three companies researched. De Beers must therefore be complimented for taking such a leading role in terms of reporting on a wide variety of CSR issues and for setting the reporting-benchmark not only for the diamond mining industry, but also for the South African minerals sector as a whole.

In many instances it will be seen in the analysis below that De Beers is the only of the three companies that reports on certain CSR related matters. On many of the CSR topics covered in this report, information from the other two companies was very scarce and in some cases non-existent.

De Beers was the only company who really participated in the research by completing the CSR-questionnaire that was sent to them. That being said, the focus of this report and the analysis below is, however, not only on the CSR reporting (or policy) performances of the companies, but also on their actual CSR practices as it is experienced by direct stakeholders (such as nearby community members) of these companies.

The research findings and analysis will be presented under the three basic dimensions of Sustainable Development<sup>29</sup>, namely **economic**, **environmental** and **social**. Within each dimension, the three diamond mining companies' (*Alexkor*, *De Beers* and *Trans Hex*) CSR-performances were measured against certain relevant *Principles*, *Criteria* or *Bench Marks* contained in the *Bench Marks* document: "***Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance***"<sup>30</sup>

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<sup>28</sup> Smalberger, 1975:78-87

<sup>29</sup> Sustainable development: is development, which meets the needs of the present without compromising the ability of future generations to meet their own needs. Three dimensions of sustainable development have been identified as economic, social and environmental - World Commission on Environment and Development, "Our Common Future", 1987.

<sup>30</sup> Third edition revised and released in 2003

## 8.1 ECONOMIC DIMENSION

Like other mining activities in the country diamonds are also, until very recently, strongly contributing towards the creation of revenue and employment in South Africa. The following *Principles* and *Criteria* point to a company's performance in the sphere of economic sustainable development:

### *Principles*

- The company recognises that resources which it may wish to extract from a particular area are an asset of that community and conducts its business in accordance with that recognition (1.5.P.4)
- The company recognizes its political and economic impact on local communities especially where it is the principal or key employer. Its programmes, policies and practices help promote a full range of human rights within each community where it operates (1.3.P.1)
- The company pays sustainable living wages, which enables employees to meet the basic needs of themselves and their families, as well as to invest in the on-going sustainability of local communities through the use of discretionary income (2.1.P.7)

### *Criteria*

- The company seeks to develop long-term business relationships in local communities and does not terminate its operations without assessing the long-term environmental, social, cultural and economic sustainability impacts on the local community (1.3.C.6)
- The company, in consultation with the local community, establishes a policy that incorporates into its business plan the best interests of the community, both now and into the future (1.3.C.2)
- In situations where corporate restructuring is taking place, the company provides the opportunity for redeployment and retraining of employees in order to offer sustainable patterns of employment (2.1.C.15)

### **Production and Revenue**

South Africa has 66 registered diamond mining concerns (excluding about 1 500 registered alluvial diggers), 49 of which produced rough diamonds in 1996 and 17 of which were from marine concessions. Production statistics for the last 10 years for South Africa as a whole indicate a fairly stable, but slightly increasing, level of annual diamond production at around 10 million carats. Diamond production from kimberlite sources has remained constant, accounting for 89% of diamond production, but there has been a shift over the last 4 years from alluvial to marine diamond production.

Alluvial diamond production declined by 245 000 carats on average between the period 1987-1993 and the period 1994-1997, but increased in 1997 due to higher output at De Beers

Namaqualand (DBNM) and some Trans Hex mines. In contrast, with the onset of deep-sea mining in 1991, annual average carat production for marine mining increased from 53 885 for the period 1987-1990 to an average of 147 833 for 1991-1993. Marine diamond production statistics show a decline since 1994, and particularly in 1995, as a result of reduced output from Alexkor's beach and marine sources. Marine mining at present contributes about 10% of South Africa's total diamond production.

Diamond revenues, levied through income tax on diamonds, mining leases, mining rights and diamond export duties, are put into the Central Revenue Fund from where they are allocated to various budgets by the Government. The proportional contribution of diamond revenues to overall tax revenue collections has declined over the last 17 years, and the diamond taxation system came under review by the Katz Commission in 2004. This review led to the 2005 amendments to the Diamonds Act (Act 56 of 1986), which came into effect on 1st July 2007 and resulted in a shake-up within the diamond-manufacturing sector in the country. The Diamond Export Levy Act, 2007 which complements the changes brought about by the amendments to the Diamond Act, imposes a 5% export levy on rough diamonds that do not qualify for exemption. The rationale behind the Diamond Export Levy Act is to ensure a constant supply of rough diamond-to-diamond beneficiators by encouraging local sales and imports of rough diamonds through exemptions and other relief measures.<sup>31</sup>

The Diamond Council of South Africa and the United Diamond Association of South Africa have very recently amalgamated to form a single diamond downstream industry body, which will represent the interests of all industry players involved in rough diamond dealing and beneficiation.<sup>32</sup> As it is, South Africa's beneficiation policy already requires that 10% of diamonds be sold (to the State Diamond Trader – SDT) and processed in-country, helping develop a downstream cutting and polishing industry employing more people.<sup>33</sup>

## **Employment**

Statistics for diamond mining in 1997 indicated that 473 male employees worked at sea, compared to a total diamond mining workforce of about 10 000 males and 900 females, providing roughly 54% to the Gross Geographic Product (down from 80% in the 1970s) and 66% of employment in the Namaqualand region.<sup>34</sup>

Quantifying financial input into local economies from diamond mining is very difficult as a result of the wide range of multiplier effects. Combined male and female earnings for all diamond mining in 1997 totalled almost R553.5 million; however, it is unclear what proportion of this may have entered the local economy since many of the higher income employees live outside the region.

Currently, the South African diamond industry is the fourth largest in the world, with only Botswana, Russia and Canada producing more diamonds each year. It has an average output of

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<sup>31</sup> SA Diamond Board, 2007/8:4

<sup>32</sup> Reuters, 2008

<sup>33</sup> Reuters, 2008; Salgado, 2008

<sup>34</sup> Minerals Bureau, 1997

around 13-15 million carats annually (worth \$1.4 -1.5 billion), and employs 28 000 people. Nearly half of those (13 000) are in mining. The second biggest employer is jewelry retail (9 000), followed by jewelry manufacturing (3 000), cutting and polishing (2 100) and sorting and valuing diamonds (900).<sup>35</sup> De Beers - which commands 90% of the diamond output in South Africa - estimates that the global retail market for diamond jewellery grew from US\$20-billion in 1980 to more than \$56-billion in 2003, with sales of diamond jewellery pieces tripling in the same period.<sup>36</sup>

### **International Financial Crisis**

Recently, the international financial crisis also trickled down to the diamond industry, abroad and in South Africa. Given that the mining sector in South Africa employs 500 000 people and brought in roughly 50% of SA's total merchandise exports last year, factors like poor safety records, power shortages, increased costs and especially now the collapsing commodity prices, could have a profound effect on economic growth. The Chamber of Mines estimates that about 10 million people would lose their daily subsistence without mining.

Migrant labourers from Mozambique, Lesotho and Swaziland, who make up almost a third of SA's mining workforce, will be the most affected as will rural labour sending provinces like the Eastern Cape and Kwa-Zulu Natal. Furthermore, the country's cavernous current account deficit (when we import more than we export) is likely to swell beyond its 7,6% of GDP this year as a result of falling commodity prices. Lower prices for products simply mean mining firms get less money and pay government less in tax. Export revenue will also take a knock.<sup>37</sup>

According to Hanard (2008), CE of Antwerp World Diamond Centre, the mentioned ructions in financial markets and a slowdown in economies threaten to cut output of rough diamonds by up to 40% by top miners, as banks slow lending and demand weakens. Hanard also predicts that the cut in financing would lead to the world's top miners, De Beers (which accounts for around 40% of global rough diamond supply) and Russia's Alrosa, slashing production of rough diamonds by up to 40%. The total mining output in South Africa decreased in the third quarter of 2008 with 3,5%, compared with the second quarter of the year and decreased with 7,1% compared with the same quarter in 2007. Some of the biggest contributing factors in this regard were the decrease in production of gold (- 1%), diamonds (- 0.8%) and coal (- 0.5%).<sup>38</sup>

Some diamond mines in the country are already experiencing serious financial trouble, due to the widespread economic crisis. Two Petra Diamond mines for example, are under operational review and may be placed on care and maintenance ("a semi-permanent shut down, with the intention of continuing operations at a later stage"); the company revealed this early in December. Large-scale retrenchments are inevitable and it is dubious whether the national state or provincial governance is adequately prepared for such an eventuality. This lack of preparedness stems from the denialist tendencies of the South African government, which refuses to accept that the current global downturn will seriously affect South Africa. Small communities such as Alexander Bay, Port

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<sup>35</sup> SA Diamond Board, 2007/8:2-4

<sup>36</sup> South Africa Info, 2004

<sup>37</sup> Hill, 2008

<sup>38</sup> Statistics South Africa, 2008

Nolloth, Kleizee, Koingnaas and Hondeklip Bay will be badly affected by the global reduction of diamond sales.

### **Offshore and Onshore Mining**

As being indicated under Point 7, there are offshore and onshore mining activities in the West Coast area. It seems as if the offshore activities are still very much economically viable. Three companies dominate the offshore diamond industry: De Beers Consolidated Mines (mainly mid-to deep-water concessions), Alexkor (mainly shallow-water concessions) and Trans Hex (shallow and deep-water concessions).

Two major companies, Alexkor and De Beers Namaqualand (Pty) Ltd dominate diamond production along the shores of Namaqualand and the Northern Cape. Alexkor operates from the Orange River mouth to just south of Port Nolloth, while De Beers operates from Alexkor's border to slightly north of the Olifants River. Around these major concessions are a number of smaller concessions operated by companies like Trans Hex Investments (Pty) Ltd.

### **Commitment towards Local Economic Engagement and Development**

#### *Alexkor*

One of the main concerns in the region – even in the offshore division - is the financial problem knocking at the door of the industry. Workers interviewed at Alexander Bay echoed the fact that financial predicaments are part and parcel of the agenda at the Alexkor mine.

Alexkor is a parastatal company, which is currently being privatised. Alexkor Limited had two major divisions, namely Alexkor Bay Mining (ABM) and Alexander Bay Trading (ABT). The ABM division is the core business of the Company, actively exploiting a large land-based diamond resource and extensive diamondiferous marine deposits. The non-core ABT operations, agricultural and mariculture production were transferred out of Alexkor.

The involvement of the state as a direct producer and a marketing agency in the mining sector is in itself hugely problematic. This type of “interference” and conflicting interests in the mining sector in South Africa is becoming quite common now, as with the proposed state mining company, African Exploration, Mining and Finance Corporation (AEMFC); this company wants to simultaneously play the role of regulator as well as mining house and is severely criticised by concerned role players.<sup>39</sup>

The gross operating loss of Alexkor during the 2007 financial year was partially offset by a government grant of R44.7 million.<sup>40</sup>

The Executive Chairperson of Alexkor mentioned four specific reasons for the financial deterioration of the company:<sup>41</sup>

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<sup>39</sup> Tempelhoff, 2008:7

<sup>40</sup> Alexkor Annual Report 2008

<sup>41</sup> Annual Report, 2008

- An ageing earth-moving fleet;
- Plant infrastructure requiring upgrading;
- Decline in the number of sea days the diver operations can safely operate; and
- Lack of access to capital to rectify the situation

One obvious outflow of the deteriorating financial situation at Alexkor, was the reduction of the workforce. The workforce was reduced through the transfer of the ABT division to the Richtersveld Community (RVC). A voluntary separation and severance process was followed; the balance of the employees' surplus was undergoing a forced retrenchment process.

The well-known and successful decade long land claim by the Richtersveld Community (RVC) obviously brought about further financial implications for the company. In terms of the Deed of Settlement (DoS) the land mining rights will be transferred to the community, whilst the marine mining rights stay with Alexkor. Alexkor and the Richtersveld Mining Community will form a pooling and sharing joint venture (PSJV), which is an unincorporated joint venture that will oversee all the mining activities in future. All of the moveable assets previously falling under Alexkor's ABT, namely the agriculture and mariculture assets have been transferred to the RVC. Transfer of the immovable assets is to be completed in 2009 (see also Point 8.3).

Despite financial problems, Alexkor claims that the company is still contributing and delivering financially on quite a number of critical developmental issues and in doing so behaving like a good corporate citizen. One of these areas was their contribution to employment. The company states in its 2008 Annual Report that R37.4 million was expended on permanent employees and on employees on fixed-term contracts. An additional R77.4 million was expended on marine and on other contractors. Other areas wherein the company invested are: Health and Safety, Environmental Management, Human Resource Development, Social Support, Employment Equity (EE) and HIV/AIDS. Most of these will be addressed under Points 8.2 and 8.3.

### *De Beers*

It became clear from the research that the De Beers' sea activities, contrary to the land operations at Kleinzee, in and around the waters of Port Nolloth is still going strong; it is also indisputable that the company has got a monopoly in the waters in that area. These sea operations are of course a good economic injection for the town and region, although marine operations do not provide for massive employment opportunities in the area and most small coastal towns and villages surrounding Kleinzee remain economically extremely depressed with high levels of unemployment, substance abuse and general lethargy.

Despite De Beers' claims about the positive impact of its CSR/CSI activities the **road infrastructure** in the Kamieskroon, Port Nolloth and even the Richtersveld remains rudimentary. Most towns suffer **acute water shortages**, electricity supply is menial and road infrastructure is composed mainly of sand roads. This is contrasted with the mining town of Kleinzee. Residents in Port Nolloth complain that most of the CSR/CSI benefits from Alexkor goes to Eksteenfontein,

Lekkersing, Buboos and Vioolsdrift in the Richtersveld, communities at Hondeklip Bay, Garies and Kamieskroon complain that De Beers spends its CSR/CSI resources mainly in distant Steinkopf.

The road, electricity, water, sewage and housing infrastructure at Kleinzee contrasts starkly with the absolutely minimal infrastructural provision in the surrounding small rural settlements. While Kleinzee receives piped water all the way from the Orange River the mine's operations have impacted negatively on the water of surrounding rural and farming communities. The tailings facilities combined with the fact that diamond-bearing gravel is washed with seawater have made ground and surface water in the area almost unusable (see 8.2 – *water test*).

According to their 2007 Report to Society, De Beers claims to have an impeccable Corporate Social Responsibility "character". This includes an A+ application of the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines as well as their Communication on Progress to the United Nations (UN) Global Compact. The 2007 Report to Society also mentions De Beers' adherence to the so called Diamond Trading Company (DTC) Diamond Best Practice Principles (BPPs); this code – published in 2000 – basically promote responsible practice throughout the diamond value chain and enhance consumer confidence. According to their Chairman, Nicky Oppenheimer, the company will play its economic role in such a way that it will contribute to an ever more prosperous Africa. Specific mention is also being made of De Beers' aim to facilitate sustainable, long-term economic growth as a platform for socio-economic development.

Carstens demonstrates that historically De Beers acted in a philanthropic manner, selecting CSR/CSI targets for the publicity value that could be obtained, however the company replicated the segregationist policies of the Apartheid era to the letter in the spatial arrangements of the town of Kleinzee and in terms of the racial division of labour, with blacks being restricted to unskilled labour, and whites to management and senior management.

"If June 1976 is remembered by other communities in South Africa for the first major student uprisings in Soweto, and the massacre associated with it, (for the whites of) Kleinzee it was a year of opulence – parties, weddings, and VIP comings and goings".<sup>42</sup> Carstens also discusses the opportunism of the corporation in the post 1994 era, the pinnacle of which has to be the appointment of the former Premier of the Northern Cape, Manne Dipico to become the Chairman of the Board of De Beers South Africa. This reflects the alliance between the ruling ANC and the mineral energy complex (MEC). South Africa is probably the only country in the world where several former Premiers suddenly emerge as leaders in the corporate world in minerals in which their provinces specialise: Manne Dipico in diamonds, Popo Molefe (formerly North West) in platinum and Tokyo Sexwale (Gauteng) in gold.

### *Trans Hex*

When moving to the south to Hondeklip Bay, the same dissatisfaction from community members about diamond mining is found; the "culprit" in this case is Trans Hex. Local business people as well as sub-contractors are echoing these sentiments. The dissatisfaction centred on the lack of

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<sup>42</sup> Carstens, 2001:133

investment in the area, environmental damage (see point 8.2) as well as “unfair” deals with sub-contractors.

Some of the complaints of community members regarding the operations of Trans Hex may be mirrored against the poorer financial performance of companies in general in the area. The group sustained a loss of R1.5 million in the 2008 financial year compared to a profit of R51.8 million in the corresponding prior period.<sup>43</sup> The Executive Chief of Trans Hex confirmed the reality of the global financial crisis; the total selling of rough diamonds was 24% lower (according to latest results by the end of September) on \$42.6 million. The average price per carat was 20% lower. Trans Hex is selling its diamond on the open market and not to the DTC of De Beers.<sup>44</sup>

Again, despite a very tight financial period, Trans Hex, like other companies in the area, is committed to be a “good corporate citizen”. They are stating that the group’s social investment activities focus on improving the quality of life of disadvantaged communities. The company is also committed to community development, empowerment and sustainability, particularly in those communities surrounding its mining operations and from which it sources its labour.

### **Labour, Employees and Contract Workers**

All three companies make use of sub-contractors with small boats. Although the contractors with their smaller boats is an industry on their own and ensure some “economic momentum” under local people, some contractors find it, especially now, difficult to survive. The economic strain of the bigger companies is obviously also spilling over to the small-scale operators. As it is, shallow-water mining is opportunistic in nature and highly dependent on weather and sea conditions. The steep rising in costs (fuel, maintenance of equipment, labour, etc.) and tight deals with the companies sketch the grim picture of an inconsistent gambling game.

#### *Trans Hex*

According to contractors working for Trans Hex that have been interviewed, the company takes 40% out of each deal plus an additional cost of 4% for the washing of gravel – the contractor then eventually ends up with 56%; all the costs (fuel, maintenance, etc.) are also for the account of the contractor.

Due to the odd and “abnormal” working milieu and circumstances, these miners display in a sense a sub-culture of their own and definitely have a place in the macro-economic picture. The following quotation reflects the nature of the work:

“This is bloody hard work and not anyone can do it, but it keeps us going... the water is cold and a day at sea is long. We anyway have just a few sea days per year...” [Sub-contractor]

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<sup>43</sup> Annual Report, 2008

<sup>44</sup> see Mittner, 2008



### *De Beers*

It was obvious that the land operations are quite on a smaller scale than the offshore activities. The first thing that strikes one when getting to the land operations of De Beers at Kleinzee, is the drastically downscaling of operations. At the time of the visit of the research team, many plants were deserted and the idea of a ghost town jumps to the mind.

Workers that were interviewed suggested that the diamonds are too deep and that it is too cost ineffective (for De Beers) to further mine the diamonds. Diamonds that were washed ashore long ago are covered with between a metre and 35 metres of overburden that must be removed to get to the diamondiferous gravels on the bedrock. De Beers imported a formidable and massive dragline from the United States of America in the early eighties, roughly at an amount of R20 million. The dragline can move about 80 tons of ground with one scoop action! According to De Beers, the Dragline is now only being used for rehabilitation purposes.

### *Trans Hex*

Rumours that Trans Hex is going to be taken over by De Beer's operations at Kleinzee are confirmed by local people and officials of the two companies.<sup>45</sup> Communities speculate that Mvelapanda and Petra Mines are the major players in Trans Hex and are in the process of acquiring Kleinzee. Rumours abound regarding the rationale thereof; the logical question being asked is why one would sell a 'goose that is laying golden eggs'? Some of the respondents are of the opinion that "smaller" companies (e.g. Trans Hex) with "less sophisticated" equipment and with less overhead costs might mine more cost-effectively in the specific area.

Noting that the diamonds are so deep under the surface, this argument is also questionable. Whoever is going to take over the operations hopefully realises that no shortcuts in the mining process can be taken. Five fairly distinct (and costly) phases are involved in the mining operation, namely prospecting, overburden stripping, excavation of terrace gravels, mineral processing and sorting. The economic sustainability of onshore mining in the area together with parallel local economic development is thus a huge concern; the abrupt downscaling of operations will have an immense impact on the development and livelihood of communities.

### **Downscaling and Handovers**

An equally important economic concern is that – in the event of sudden downscaling of De Beers or a "hand-over" to a smaller company (ies) – what will happen to the people? Furthermore, there will be probably not enough financial provision (on the side of the seller and buyer) to complete the environmental rehabilitation process properly (see 8.2 Environmental Dimension).

The following Table captures some of the community views of the economic impact of the industry in the area.

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<sup>45</sup> Also see Olivier, 2008: reporting on the "exclusive" talks on the future of mining in Namaqualand

**Table 1:** Community perception of the CSR performance of the diamond mining industry in terms of contribution to the economic dimension of sustainable development

Field	Average score (out of 5)	Percentage
Land	1.99	39.8%
Employment	2.38	47.6%
Commitment	1.46	29.2%
Empowerment	1.98	39.6%
Coordination of projects	2.25	45%
Sustainable development	1.83	36.6%
<b>Total average CSR score (Economic Dimension):</b>	<b>1.98</b>	<b>39.6%</b>

## 8.2 ENVIRONMENTAL DIMENSION

There is no doubt about the harmful impact of mining on the environment. The diamond industry's environmental performance in relation to sustainable development are addressed by the following Principles and Criteria:

### *Principles*

- Careful attention is paid to ensure that the company's actions do not damage the global and local environment. Issues such as climate change, bio-diversity and pollution prevention are central to this. The company adopts, as a minimum, internationally recognized standards and ensures that they are implemented universally regardless of any legal enforcement or lack thereof in any jurisdiction and continually seeks to improve its performance (1.1.P.1)

### *Criteria*

- A company-wide environmental code has been adopted and implemented (1.1.C.1)
- Environmental assessments are completed by the company in which the unused, unexploited natural resources are stated as assets of the community (1.1.C.4)
- The company has policies, practices and procedures to prevent pollution, reduce resource and energy use in each stage of the product or service life-cycle (1.1.C.8)

### **Environmental Awareness**

#### *Alexkor*

According to Alexkor<sup>46</sup>, their mining operations are conducted in accordance with the Environmental Management Programme (EMP) as approved by the DME in 1995. The National

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<sup>46</sup> 2008:11

Environment Management Act (NEMA) was passed in 1998, which along with the Mineral and Petroleum Resources Development Act (MPRDA) requires that an updated EMP must be developed. Although their Annual Report refers to the EMP of 1995, Alexkor claims that all efforts are made to minimise the impact that any mining activities may have on the environment, and to manage any disturbances that do occur in such a way that the environmental liability of the mine is minimised.

#### *De Beers*

De Beers<sup>47</sup> states that diamond mining impacts the environment directly because of its need to access, use and manage land and water resources. It impacts the environment indirectly by acting as a catalyst for further economic development. The exact nature of these impacts is different for every operation they manage. They claim to recognise natural resources as a national asset aligned in importance to diamonds. Managing these assets responsibly means working systematically across the diamond value chain to prevent or minimise the negative impacts of their operations.

Measures include conservation projects, research on biodiversity, energy and climate care programmes and water management technologies. De Beers says that the proficient and responsible management of natural resources is integrated into aspects of their business, and monitored and audited as part of their commitment to continuous improvement.<sup>48</sup>

#### *Trans Hex*

Environmental management at all Trans Hex's operations is largely governed by its environmental policy, which sets out the company's broad commitment to sound environmental management, as well as its Safety, Health and Environment Group Standards. In addition, compliance with legal requirements, especially the provisions of the MPRDA No. 28 of 2002, forms the cornerstone of environmental management and the company's corporate charter pledges this commitment. In order to put into effect the policy commitments, various site-specific implementation tools have been developed.<sup>49</sup>

### **Adherence to Environmental Codes and Standards**

#### *De Beers*

A number of steps were taken by De Beers in 2007 to improve on its environmental performance. This included the implementation of environmental guidelines and skills relevant to each stage of the diamond value chain. It also included the ongoing review of their Environment Policy and strategy as well as the development of a distinct Energy and Climate vision and strategy. DBCM (De Beers Consolidated Mines) developed its own Energy and Climate Change Policy and Water

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<sup>47</sup> 2007:98

<sup>48</sup> De Beers, 2007:98

<sup>49</sup> Trans Hex, 2008:23

Management Policy. Specific performance targets have already been established in relevant areas in the Family of Companies and are being monitored. All environmental data is collected through an Environmental Performance Reporting Application (EPRA). At the end of 2007, 100% of their diamond mining operations were certified to the environmental management system standard of ISO 14001. In addition, formal guidelines have been implemented to assist in the assessment and contracting of third party ISO 14001 auditors. These criteria ensure auditors are sufficiently rigorous and comply fully with the requirements of the ISO 14001 standard.<sup>50</sup>

De Beers claim to conduct impact assessments for all new mining projects and whenever significant changes are made at existing operations. All of its operations are covered by environmental impact assessments.<sup>51</sup> However, the ongoing transfer of Kleinzee and the conclusion of De Beers' operations there have left the question of the rehabilitation of the surrounding mining area somewhat in the air.

### *Trans Hex*

Trans Hex has existing environmental management programmes (EMPs) for its operations that were approved in terms of the Minerals Act (No 50 of 1991). Trans Hex claims EMPs are revised continuously to ensure that they are still in line with current prospecting and mining operations and are aligned with the requirements of the MPRDA. Since the conclusion of Trans Hex's mining activities in the area of Hondeklip Bay there is very little evidence of continued environmental rehabilitation in the area. About 40% of the prospecting EMPs compiled during 2007 and 2008 were approved by the DME and other EMPs are still awaiting approvals. An environmental implementation system has been developed and provides for regular monitoring of the activities that have potential environmental impacts.<sup>52</sup>

According to Trans Hex, environmental assessment performances audits, both regular internal and biannual external audits are undertaken to assess companies' compliance with environmental management commitments set out in the EMPs as well as to determine the relevance of the EMPs in relation to the current mining operations and general environmental legislation compliance. Inherent in the audited environmental components are aspects related to: integration of the corrective actions into daily operations and identification of areas of improvement. The key audit findings highlight that there is improvement on integration of EMP requirements during planning of operational activities. However, there is a need for an improved document control system.

To achieve implementation and monitoring commitments, an environmental committee, comprising employees at all levels, was established in the Lower Orange surrounding communities. For any changes to the mining operations and introduction of new mining equipment, environmental impact assessments are done and communicated to relevant authorities and

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<sup>50</sup> De Beers, 2007

<sup>51</sup> De Beers, 2007:87

<sup>52</sup> Trans Hex, 2008:23

stakeholders. Such an assessment has just been completed for the introduction of marine equipment called “Aquawalker” in Hondeklip Bay Sea Concession 7(a).<sup>53</sup>

## **Energy Use and Rehabilitation**

### *De Beers*

In 2007, the environmental strategy of De Beers focused on biodiversity, energy security, and water usage. Performance improvements were achieved through the development of professional capacity and the production and collection of environmental data. At the end of 2007, its mining activities had affected 3.7% of the 960 792 hectares (ha) of its mining licence areas.

De Beers asserts that energy supply within its Family of Companies is critically important to its ability to maintain an optimal level of operation. Diamond mines are run on a continuous basis and therefore any interruption jeopardises production and economic viability. While energy efficiencies and diversification strategies were pursued in 2007, power shortages in southern Africa represent a key risk to business continuity in 2008. With South Africa facing electricity blackouts on a regular basis, De Beers’ mines have reduced their own energy usage in line with national quotas, which presents new challenges to maintaining their diamond production levels in the country. Energy consumption in 2007 was 16.25 million GJ (2006: 14.47 million GJ). Additional use of energy, water and higher rates of CO<sub>2</sub> and sulphur dioxide emissions were accounted for largely by the expansion of their activities and the increasing age of their operations.<sup>54</sup>

De Beers are currently working to standardise their energy and climate change measures and conversion factors across the Family of Companies. These measures and their respective indicators will then be integrated into EPRA with a view to securing formal third party verification where appropriate.

An independent review of their CO<sub>2</sub> and sulphur dioxide (SO<sub>2</sub>) emissions was completed by PriceWaterhouseCoopers in 2007. Energy and emissions data has been prepared with reference to both the Greenhouse Gas Protocol and the Intergovernmental Panel on Climate Change (IPCC) conversion factors.<sup>55</sup> Other efficiency initiatives have been ongoing across the Family of Companies for a number of years. These include DBCM’s relationship with power utility Eskom, to introduce energy efficient light bulbs at their South African mining operations. Awareness around these issues has increased and energy reduction strategies are being explored in specific areas of the business.

The Energy and Climate Change Peer Group provides the mechanism to share energy efficiency information, draw together interdisciplinary skills and provide a framework for the improvement of performance. In 2007, the De Beers Executive acknowledged the need for a dedicated resource to identify and implement energy and climate change initiatives. A full-time

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<sup>53</sup> Trans Hex, 2008:24

<sup>54</sup> De Beers, 2007:5

<sup>55</sup> De Beers, 2007:111

energy specialist has since been appointed to provide leadership across the Family of Companies.<sup>56</sup>

De Beers also emphasises the importance for their Family of Companies to enhance its existing water efficiency and recycling initiatives, and to better understand the impact of water demand, supply and usage in both current and future operations. The Family of Companies aims to ensure that sustained water access for their operations does not adversely affect the livelihoods of local communities where they work.

Water management frameworks have been developed by the respective water steering committees at their DBCM and Debswana operations. These include policies, guidelines and auditing. The frameworks form part of a coherent water management strategy to enhance their access to and use of water, as well as to prevent pollution across the Family of Companies. The DBCM Water Steering Committee was formally established in 2006. It helps ensure the alignment of the company's water strategy with best practices and legal requirements. The Water Steering Committee also serves as the leadership group for DBCM on water conservation and demand management by creating a culture of sustainable water management at its operations. The Committee focuses on key areas including assurance, the promotion of innovative ideas, knowledge sharing, continuous improvement and enhancing links with academia to promote research into water management.

De Beers conducted water assurance audits for 2006 and 2007. Water management was tracked and measured on a six-point scale. The audits found that the Venetia, Finsch and Cullinan mines had sound water management systems. Older operations including the Kimberley and Namaqualand mines scored significantly lower. This was partly due to audit bias relating to closure preparedness, complex water networks and the need for further formal engagement with local and national stakeholders. A key risk identified for most operations was the need to form Catchment Management Agencies. These agencies are essential for the Department of Water Affairs and Forestry to manage water balances and calculate water reserves. Their 2008 audits will identify water metrics and targets for each operation.<sup>57</sup>

However, a water sample taken by researchers from the Swartlinter River just below a major De Beers tailings dam close to Koingnaas, and tested by water experts at the North West University at Potchefstroom show a dramatic negative impact on that particular dam by this tailings facility. Diamond tailings are the piles of gravel that had been 'washed' with seawater (due to the acute water scarcity in the area) and then dumped on the tailings facility (see Table 2 below).

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<sup>56</sup> De Beers, 2007:114

<sup>57</sup> De Beers, 2007:116

**Table 2:** Results on single water sample from the Swartlinterjies River, below the De Beers tailings facility near Koingnaas

Elements	According to Target Water Quality range	Analysis of water sample (mg/l)	Effects
Ca (Calcium)	> 80	7093.81	No health effects. Severe scaling problems. Lathering of soap severely impaired.
Mg (Magnesium)	> 400	1749.96	Severe scaling problems. Diarrhoea in all new users. Health problems may occur.
K (Potassium)	100 - 400	304.96	Bitter taste may be noticeable. Electrolyte disturbances concentration for infants or persons with renal disease.
Na (Sodium)	> 5000	11632.94	Extremely salty taste becoming bitter. Severe health effects with disturbance of electrolyte balance. Extremely undesirable for infants or persons on a sodium-restricted diet.
SO <sub>4</sub> (Sulphate)	> 1000	1763.70	Diarrhoea in all individuals. User-adaptation does not occur. Very strong salty and bitter taste.
NH <sub>4</sub> (Ammonia)	0 - 1.0	0.25	No health or aesthetic effects
Cl (Chloride)	> 1 200	34705.30	Water unacceptably salty. Nausea and disturbance of the electrolyte balance can occur, especially in infants, where fatalities due to dehydration may occur.
Fe (Iron)	1 – 10	1.17	Pronounced aesthetic effects (taste) along with problems with plumbing. Slight health effects expected in young children, and sensitive individuals.
Mn (Manganese)	1.0 – 2.0	0.20	Very severe staining and taste effects. No health effects
Cu (Copper)	0-1	0.29	No health or aesthetic effects
Zn (Zink)	0-3	0.22	No aesthetic or human health effects
pH	6.0 – 9.0	7.58	No significant effects on health due to toxicity of Quality Range dissolved metal ions and protonated species, or on taste 6.0 - 9.0 are expected. Metal ions (except manganese) are unlikely to dissolve readily unless complexing ions or agents are present. Slight metal solubility may occur at the extremes of this range. Aluminium solubility begins to increase at pH 6, and amphoteric oxides may begin to dissolve at a pH of greater than 8.5. Very slight effects on taste may be noticed on occasion

From these results it seems that the water is unacceptably salty and may cause severe health effects with disturbance of electrolyte balance.

Chloride is of concern in domestic water supplies because elevated concentrations impart a salty taste to water and accelerate the corrosion rate of metals. High concentrations of chloride can also be detrimental to chloride-sensitive garden plants. When water containing high concentrations of magnesium is heated, the magnesium will tend to precipitate out of solution with calcium, especially if the bicarbonate concentration is high, and give rise to scaling problems in hot water systems. Healthy humans are relatively insensitive to any harmful effects caused by

potassium, but electrolyte disturbances can occur, particularly in infants or in patients with kidney pathologies on a potassium-restricted diet.

Sodium intake can exacerbate certain disease conditions. Persons suffering from hypertension, cardiovascular or renal diseases should restrict their sodium intake. In the case of bottle-fed infants, sodium intake should also be restricted. High concentrations of sulphate exert predominantly acute health effects (diarrhea). These are temporary and reversible since sulphate is rapidly excreted in the urine. Individuals exposed to elevated sulphate concentrations in their drinking water for long periods, usually become adapted and cease to experience these effects. Sulphate concentrations of 600 mg/R and more cause diarrhea in most individuals and adaptation may not occur. Sulphate imparts a salty or bitter taste to water. Taste and odour complaints are likely to occur if the ammonia concentration exceeds 1.5 mg/R. High concentrations of ammonia can also give rise to nitrite, which is potentially toxic, especially to infants.

The concentration of dissolved iron in water is dependent on the pH, redox potential, turbidity, suspended matter, the concentration of aluminum and the occurrence of several heavy metals, notably manganese. The natural cycling of iron may also result in the co precipitation of trace metals such as arsenic, copper, cadmium and lead.

### *Trans Hex*

For Trans Hex<sup>58</sup>, there are key developmental strategies to address natural resource aspects: an integrated water and waste management plan as well as a rehabilitation strategy has been developed for the LOR Operations. Water recycling strategies with a target of at least 70% are being implemented. Annual energy consumption strategies are being looked at to ensure that energy efficiency is improved by at least 10%.

In line with the mine's broader communication strategy, operations adopt site-specific environmental communication tools. A recently launched town-cleaning project, involving local schoolchildren at LOR, is an example of an outcome of a site-specific communication which allows for the co-operative interaction that best addresses stakeholder environmental needs. South African Heritage Resources Agency and McGregor Museum visited Bloeddrif petroglyphs to ensure that there is a partnership between the mine and the authorities in the management of these petroglyphs. These activities seem far removed from the actual impact of the mine's operations on surrounding communities.

Trans Hex would do much better rehabilitating to former natural condition all the areas where it mined. The areas mined by Trans Hex around Hondeklip Bay and De Beers around Koingnaas and Kleinzee look like moonscapes and will probably take hundreds of years to recover. On a guided tour of the Kleinzee mining operational area, researchers noted the general untidiness and decay at the Kleinzee operations with mining waste, piping, rubber, drums, etc. lying around all over the place. The general impression is of an operation going to rack and ruin and a corporation having lost interest. There is evidence of destruction wrought by massive excavations right up to

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<sup>58</sup> Annual Report, 2008



the beach front of Rooiwal Bay; this in a country where environmental legislation does not even allow for 4 x 4 vehicles to drive on the beach front.

This is also true of Alexander Bay. Given the sudden economic downturn which led several major western powers to declare recessions with an accompanying fall in demand for mineral and resource commodities such as diamonds the only predictable outcomes for the diamond industry on the West Coast are retrenchments, further scaling down and even closing of operations, an end to the meagre environmental rehabilitation efforts and a complete scaling down of CSR/CSI activities.

Although the above-mentioned policies and programmes of the companies look very impressive, the question can be asked how many of that, regarding the environment, is only “green wash”? Community members across the board were very upset on environmental degradation in the area caused by the mines. An example and case study in this respect, is a certain area adjacent to Hondeklip Bay; Trans Hex is conducting the mining in the area. The community (they founded the Hondeklip Bay Community Forum) is severely concerned about certain environmental and rehabilitation aspects of the Trans Hex mine in the area and try their utmost to take up the issue with the mine and the DME. Documents were shown to the Research Team (copies of the documents in the possession of the Research Team) of all the backwards and forwards correspondence between the Forum, the mine as well as the DME – all to no avail.

The community in Hondeklip Bay is in despair regarding the situation and asks: Can Trans Hex act (rather late than never) in a conscientious and responsible manner towards this community and its environment?<sup>59</sup> The poor monitoring capacity of the DME also comes strongly in the picture here as well as the huge gap between policies (DME) and practise (what is happening on the ground at the mining site). In support of the afore-mentioned, a recent study<sup>60</sup> was done on the environmental rights of residents affected by mining activities in the area of Hondeklip Bay; the study strongly supports the core of the concerns of the Hondeklip Bay Community Forum.

**Table 3:** Community perception of the CSR performance of the diamond mining industry in terms of contribution towards the environmental dimension of sustainable development

Field	Average score	Percentage
Environment	1.78	35.6%
Sustainable development	1.83	36.6%
<b>Total average CSR score (Environment dimension):</b>	<b>1.81</b>	<b>36.2%</b>

<sup>59</sup> Hough, 2008

<sup>60</sup> *see* Mohomed, 2006

## 8.3 SOCIAL DIMENSION

The following *Principles*, *Criteria* and *Bench Marks* address companies' social responsibility performance in relation to sustainable development:

### *Principles*

- The company respects the inclusive involvement of all stakeholders in developing civil society partnerships and host community agreements (1.3.P.4)
- The company ensures its labour force and managerial employees are proportionally representative of the communities in which it operates (2.1.P.5)
- The company affirms that workers have a right to a workplace that is free of toxic substances and all forms of health hazards, including second-hand smoke (2.2.P.2)
- The company subscribes to the principle that every worker has the right of access to health care, including accessible and affordable medicines (2.2.P.3)
- The company does not exploit children as workers (2.3d.P.1)
- The company employs workers who choose to be employed by that company. The company does not use any forced labour, whether in the forms of prison labour, indentured labour, bonded labour, slave labour or any other non-voluntary labour (2.3e.P.1)
- The company insists on honesty and integrity in all aspects of its business, wherever business is conducted (2.5.P.1)
- The company's governance structure is based on ethical values, including inclusivity, integrity, honesty, justice, transparency and responsiveness to shareowners and stakeholders (2.7.P.1)

### *Criteria*

- The company only proceeds to extract natural resources in situations where their renewal is guaranteed or where, in the case of non-renewable resources, it has made provision for the creation of sustainable alternatives (1.5.C.2)
- The company has a strategy whereby proper compensation for the extraction of resources is made to all the relevant national, local and indigenous communities for the acquisition of their assets (1.5.C.3)
- Training, development, promotion and advancement opportunities within the company are available to all employees of the company, regardless of status, whether full-time, part-time, short-term, permanent, or with any other contracts of employment (2.1.C.6)
- The company ensures that no person is subject to any discrimination in employment, including recruitment, hiring, remuneration, benefits, advancement, discipline, termination, or retirement, on the basis of gender, racial/ethnic origin, social or ethnic origin, culture, religion, age, disability, sexual orientation, nationality or political opinion (2.1.C.1)

- The company actively recruits and employs for all positions at all levels, including management, from the local population (2.1.C.5)
- The company has a policy that its work force reflects the racial/ethnic origin and cultural composition of the local population at all levels (2.3b.C.3)
- The company adopts a policy of non-discrimination and commits to programmes to overcome discrimination and stigmatization of employees with HIV / AIDS (2.2.C.5)
- Where governments do not provide universal health coverage, the company provides adequate coverage for its employees and their dependents. This includes necessary essential medicines, including antiretroviral medicine for HIV / AIDS (2.2.C.4)
- Employees are free to organize and join workers' organizations without discrimination or interference and to engage freely in collective negotiations to regulate the terms and conditions of employment. No employee is discriminated against for engaging in union organizing and collective bargaining activities and other worker committees (2.1.C.10)

#### *Bench Marks*

- The company establishes a transparent process to gain the informed consent of the community prior to establishing its operations in that community (1.3.B.2)
- The company ensures that when extracting non-renewable resources it creates and puts in place alternative and sustainable benefits for the future of the community in which it is operating (1.5.B.2)
- The company ensures that when extracting non-renewable resources it creates and puts in place alternative and sustainable benefits for the future of the community in which it is operating (1.5.B.2)
- The company has a plant closure policy, which provides transitional arrangements for employees (1.3.B.8)
- The company has in place effective and appropriate policies and statements of equality of opportunity for women in the workforce and these are monitored and maintained throughout all levels of employment. These are available to all workers in the languages of the workers (2.3a.B.1)

### **Stakeholder Engagement and Sustainability**

#### *De Beers*

De Beers' Community Policy articulates its commitment to communicate and consult with communities affected by De Beers' operations. In 2007 they piloted and reviewed SEAT (The Socio-Economic Assessment Toolbox) and developed a comprehensive Social Impact Assessment Guideline. These instruments stand alongside the ECoHS (Environment, Community, Health and Safety) Guidelines for Exploration, ECoHS Guidelines for Projects and other stakeholder engagement tools to help operations identify, evaluate and manage their impacts on communities proficiently.

These instruments also inform their coordination with other development agencies to help address poverty alleviation and build sustainable and lasting livelihoods post-mining. For De Beers<sup>61</sup>, gaining and maintaining a “social licence to operate” is critical to successful mine development and management, but the community discipline is an evolving area of expertise in De Beers. Their aim is to elevate this discipline to a level of sufficient maturity within the Family of Companies to ensure their continuing licence to operate at existing mines and to be recognised by local communities and governments alike as a preferred partner of choice where new mines are developed.<sup>62</sup>

#### *Trans Hex*

Trans Hex state that they undertake stakeholder engagement at all mining and prospecting operations as part of the environmental impact assessment process and through the implementation of the mine’s corporate social investment initiatives. Key stakeholder concerns relates to rehabilitation, biodiversity management, energy use and water management.

### **Sustainability**

#### *De Beers*

According to De Beers<sup>63</sup>, they have learnt the value of building local capacity through employing local people and ensuring local management of their operations. They also appreciate the need to support local businesses. This is done through preferential procurement and the provision of support for initiatives that promote good governance and transparency and the paramount value of industry leadership in driving ethical business practices to underwrite consumer confidence in diamonds. They claim to follow a three way approach when working with their community neighbours that integrates communication, respecting community interests and providing support, where appropriate, for initiatives aimed at improving the environmental, economic and social sustainability of communities affected by their operations.

In 2007, progress in the community discipline was underpinned by three key initiatives: the refinement of the Community Policy, its endorsement by the ECoHS Committee and the development and piloting of innovative new tools to enable world leading community engagement and social investment.<sup>64</sup>

#### *Trans Hex*

Trans Hex<sup>65</sup> reports that their corporate social investment (CSI) activities focus on improving the quality of life of disadvantaged communities and that they are committed to community development, empowerment and sustainability, particularly in those communities surrounding its

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<sup>61</sup> 2007:82

<sup>62</sup> De Beers, 2007:82

<sup>63</sup> 2007:3

<sup>64</sup> De Beers, 2007:4

<sup>65</sup> 2008:16

mining operations and from which it sources its labour. The group contributes specifically towards interventions relating to education, adult literacy, healthcare, and arts and culture projects.

The Namaqualand Diamond Fund Trust, which comprises representatives of seven rural areas in the Namaqualand, was a beneficiary of R31 million (2007: R34 million) during the reporting period and has received a total of R320 million from the group since it started operating.<sup>66</sup> Furthermore, Trans Hex states that they do not employ migrant labour and the majority of its employees are sourced from local communities. The group claims to play a significant role in the ongoing development of communities and of infrastructure in the Richtersveld and Namaqua District municipalities.

Trans Hex<sup>67</sup> says it is committed to the development of small, medium and micro enterprises and has initiated a range of successful projects, which it continues to support. These include a gymnasium and an internet café offering computer skills training for community members; convenience stores; guesthouses; a fuel station; cleaning services; tourism services; and transport services. Local community members supposedly operate the ventures. No evidence of these facilities was found in Hondeklip Bay, the community most affected by the activities of Trans Hex.

Claims by the company of making significant contributions towards road improvements and maintenance and the provision of fresh water to local communities were found to be lacking in evidence taken the appalling road conditions in the area and the brackish water and water shortages at Hondeklip Bay.

The company also claims to be making a considerable contribution to the improvement of various educational facilities. During the period of fieldwork for this study, the community of Garies held a meeting about, amongst other things, the poor state of water affairs in the town. Plans for the next five years were aligned with the Integrated Development Plans (IDPs) of both the Richtersveld and Namakwa District municipalities and included a number of projects regarding education. The approved projects include:

- Providing additional teachers in the Richtersveld
- Transporting learners for school activities
- Road maintenance from Alexander Bay to Sanddrift, Kuboes and Sendelingsdrift
- Supply of fresh water to Sanddrift and Kuboes
- Improving infrastructure for waste management at Sanddrift
- Upgrading of the Sanddrift Primary School
- Upgrading of crèches in local communities
- Development of a commercially viable agricultural project
- Assisting tourism strategies by increasing public awareness of conservation and cultural issues

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<sup>66</sup> Trans Hex, 2008:25

<sup>67</sup> 2008:25-26

At Hondeklip Bay, the company reports<sup>68</sup> of donating a building and land to the Department of Education for the benefit of the community. Hondeklip Bay schoolchildren are also transported from various towns to Hondeklip Bay on a monthly basis. The company provided for a mobile library, donated computers and also assisted with the provision of an extra educator for maths and science education.

A community activist pointed out that the donated land belonged to the government in any case. A resident noted that while Trans Hex assisted with the electrification of the town, the fact that the electric cables are not buried, but is supplied by means of poles, means that the town frequently suffers black-outs because of the strong winds in the area. This raises the question as to why the mining corporations in the area have not assisted the community in **establishing appropriate wind energy generators** instead.

## **Mine Closure**

### *De Beers*

The Family of Companies of De Beers has developed a Closure Policy. The policy is not applied prescriptively, but is intended more as a set of guidelines to inform the determination of national and mine specific closure requirements. The policy builds on work completed by the International Council of Mining and Metals (ICMM) and the principles endorsed by the International Association for Impact Assessment. It is also aligned with their principles, social impact assessment guidelines, the Anglo American Socio-Economic Assessment Toolbox and ongoing stakeholder engagement work. The policy requires the identification of measurable and time-bound performance targets to be developed and agreed with stakeholders. It also requires the identification of accountable persons, the allocation of closure budgets and ongoing risks review by senior management.<sup>69</sup>

## **Community Policy**

### *De Beers*

The De Beers Community Policy recognises the importance of the ties peoples have with the lands they traditionally occupy and the natural resources they use. It consequently meets and exceeds major international requirements relating to the rights of local communities and indigenous peoples like ILO Convention No. 169 and the United Nations Declaration on the Rights of Indigenous Peoples. The policy specifically requires all entities to respect community governance and seek free and **informed consent** prior to initiating any operations that will have substantial impacts on their interests.

The De Beers Community Policy further complies with the World Bank Operational Directives on Resettlement, Indigenous Peoples and Cultural Property and the Inter-American Development

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<sup>68</sup> Trans Hex, 2008:26

<sup>69</sup> De Beers, 2007:41-42

Bank Resettlement OP 710. In instances where the economies or livelihoods of communities might be negatively impacted, the Community Policy requires that they “*provide their neighbours with fair and adequate compensation for any losses they may incur for which they are legally liable*”. A Compensation and Resettlement Action Plan is scheduled to be developed for the local AK06 community in 2008.

## **Development of Human and Social Capital**

### *Alexkor*

The reduction in the workforce and the possibility of a significant change in the operating model at Alexkor once a PSJV is in place (*also see Point 8.1*), has necessitated a shift of emphasis from mining-related human resources development to providing employees and ex-employees with the opportunity to acquire portable skills. A research-based exercise resulted in the formulation of a list of skills for which there is a demand in the local and provincial economies. Every employee was then afforded the opportunity to elect two training preferences from this predetermined list. For each individual, Alexkor<sup>70</sup> will endeavour to meet one of the two selected options by providing group-based training, or by subsidising individual training where it is not feasible for the training to be organised and managed by Alexkor’s management. Those employees, who, for reasons such as age, elect not to participate in the training, have the option to elect to send a dependent (a “proxy”) to the training. These initiatives are aimed at giving all ex-employees and employees the opportunity either to upgrade their current skills, or to acquire new skills that will equip them to perform jobs outside of the Alexkor environment. Mine-based training has been ongoing during the year at a level required by the operation. The primary areas of training have included operator, safety and commercial driver training.

Alexkor continued to support a number of bursars studying at tertiary institutions outside of Alexander Bay in 2007 and 2008. All of the remaining bursars who receive financial support from Alexkor are scheduled to complete their studies at the end of the 2008 academic year. Due to the PSJV taking over the operations, the current intake of bursars will be the last one under Alexkor’s name. In addition to the bursaries nine artisan learnerships were successfully completed during the year. All bursars are contractually obliged to work for Alexkor for a period that will equate to their length of sponsorship by the Company. However, in view of the fact that the PSJV is to make its own determination on staffing matters, Alexkor has waived the obligation of those bursars to work for the Company for a predetermined period in the event that Alexkor is not in a position to offer work opportunities to them following their graduation. Aside from the above-mentioned training, in preparation for the downscaling, workshops on individual financial planning were held in Alexander Bay. All employees were encouraged to attend these workshops. This was followed up with general training on matters such as how to draw up a CV and how to prepare for and participate in job interviews. Furthermore, an office has been established to assist ex-employees during these difficult times, with particular emphasis on identifying work opportunities for them.

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<sup>70</sup> 2008:13

Following the identification of opportunities, this office will facilitate the interface between ex-employees and prospective employers.

### *De Beers*

De Beers<sup>71</sup> reports that all its operations have internal courses to assist employees in their personal development, which enable them to be more productive and improve their contribution to business goals. These include mentoring and coaching systems, e-learning, part-time and full-time training courses. This strong focus on skills development is also supported by legislation such as the South African Employment Equity Act 1998 and broad-based BEE Act 2003. DBCM also has a well-established bursary scheme that allocates around R20 million (US\$2.8 million) each year to students of engineering, geology, metallurgy and related areas.

Additional learning interventions are available to fast track Historically Disadvantaged South Africans (HDSAs) and designated groups. This includes the Women in Mining Programme, which is facilitated by the DME through the Da Vinci Institute of Technology. This commitment is most evident in the establishment of the Lesedi Centre for Human Capital Development in Kimberley, South Africa. Lesedi focuses on developing technical and non-technical skills for DBCM, its partners and the broader Northern Cape community. De Beers further claims that employees who are affected by any downscaling, retrenchment or redundancy have access to employment agencies sourced by the company in order to find alternative employment. Lower skilled employees often have the option of one year of paid training. Significant programmes are in place at Kimberley and other operations nearing “end of production” to provide training to employees in anticipation of mine closure. They also invest in the development of high potential talent through training at London Business School (LBS).<sup>72</sup>

### *Trans Hex*

Trans Hex<sup>73</sup> reports that it offers opportunities to all its employees to be developed. Training and development interventions include adult basic education and training (ABET), Section 28, learnership and leadership development.

## **Equity in the Work Place**

In South Africa, equity in the work place is a huge and complicated issue; it has been defined and prescribed by formal legislation as well as by the different sectoral Charters.

### *Alexkor*

Alexkor's target in terms of its five-year employment equity plan submitted to the Department of Labour stipulated that by 2008 at least 40% of senior and middle management positions will be

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<sup>71</sup> 2007:80

<sup>72</sup> De Beers, 2007:80

<sup>73</sup> 2008



occupied by historically disadvantaged individuals. Despite a loss of such individuals in the second half of the year due to their mobility and the uncertainty as regards the Company's future, the Company achieved a figure of 50% as at 31 March 2008. Likewise the EE target to have at least 10% of women in management positions by 2008 has been severely affected by the recent loss of female management staff – a situation that will be given the requisite attention with the business plan of the PSJV.<sup>74</sup>

### *De Beers*

De Beers' Employee Human Rights Policy requires there to be "no unfair discrimination in employment on the basis of race, colour, sex, religion, political opinion, gender orientation, national extraction or social origin". It also guarantees employees equal pay for work of equal value and requires the implementation of procedures to guide recruitment processes, allow employees to report any cases of unfair discrimination without fear of redress and ensure that service providers and diamond clients adhere to similar non-discrimination practices. Adherence to the policy is subject to internal and external audit through the BPP Assurance Programme. No infringements of the policy were identified in 2007. The Family of Companies will further ensure designated groups have representation in decision-making positions that reasonably reflects the demographics of the country's economically active population.<sup>75</sup>

De Beers also has a plan to achieve an employment equity target of 60% designated group participation in management levels by 2009. This includes Historically Disadvantaged South Africans (HDSA). These operations including DBCM, De Beers Group Services and De Beers Marine and the overall aim is to achieve equitable representation of designated groups in all levels in the workplace. At the end of 2007, DBCM's workforce was 78,9% designated groups (excluding white women) (2006: 77,1%). Designated groups (including white women) accounted for 84,2% of the workforce. In management, there were 39% designated groups (excluding white women) (2006: 35%), and designated groups including white women accounted for 47%. The workforce of De Beers Group Services included 45,8% HDSAs and 65,8% when including white women. Management statistics were 37,6% HDSA and 56,9% including white women. A number of structures such as an Employment Equity Committee have been established to monitor performance.<sup>76</sup>

Equity partnerships with local communities and governments are a critical part of the De Beers business model in Africa. This approach has played a key role in enabling a shared sense of responsibility and the ultimate success of their operations. All of their mining companies in Africa are part owned by either governments or empowered communities.

Debswana is 50% owned by the Government of the Republic of Botswana (GRB). Namdeb is 50% owned by the Government of the Republic of Namibia (GRN). Williamson Diamonds is 25% owned by the United Republic of Tanzania. This ensures producer countries receive additional dividends through their shareholdings. The GRB also owns a 15% stake in De Beers. In South

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<sup>74</sup> Alexkor, 2008:14

<sup>75</sup> De Beers, 2007:74

<sup>76</sup> De Beers, 2007:74

Africa, the sale of a 26% equity interest in De Beers Consolidated Mines (DBCM) in 2006 to Ponahalo Holdings enabled De Beers to meet the ownership element of the Mining Charter significantly ahead of the legal requirement. The charter requires 26% HDSA ownership of all extractive companies by 2014. Ponahalo Holdings is a broad-based Black Economic Empowerment (BEE) company that includes trusts for employees of De Beers, historically disadvantaged women, people with disabilities and communities around our DBCM mines. It is 90% owned by HDSAs and 50% owned by DBCM employees and pensioners, with at least 27% overall participation by women.

### *Trans Hex*

Trans Hex currently exceeds its representation targets as stipulated in the Mining Charter. The Employment Equity status report is published in the Review of Operations section of this report. As at 31 March 2008, 18% of the group's South African employees were women and 12% of all management positions are occupied by women.<sup>77</sup>

The Trans Hex group is committed to achieving 26% ownership by HDSAs within ten years. Mvelaphanda Resources Limited (Mvela), an HDSA-controlled company, currently controls approximately 20,73% of the group. Mvela intends acquiring further meaningful shareholding in the group to take its total shareholding to in excess of 26%. The group is listed on the JSE Limited and the Namibian Stock Exchange and many of its institutional and nominee account shareholders are HDSAs.<sup>78</sup> The group however continues to face challenges with regard to the attraction and retention of skilled senior staff from historically disadvantaged groups. Turnover in the senior management category during the year has led to an increased discrepancy between actual numbers and targets for that category.

## **Occupational Health**

### *Alexkor*

Alexkor<sup>79</sup> indicates that health and safety continues to remain a high priority in order to ensure the occupational well being of all employees, ensure legal compliance with current legislation and to optimise productivity. Whilst 1 000 fatality-free production shifts were achieved in May 2007, a contractor diver fatality occurred in September 2007. Actions were immediately implemented to address the direct cause of the fatality and, in conjunction with the DME, further interventions are being tested to improve the safety of the mine's diving operations. The financial year closed with a LTIFR (Lost Time Injury Frequency Rate) of 0,75 (2007: 1,65) and a DIFR of 0,70 (2007: 1,37). Both statistics show a marked improvement on the previous year. No occupational diseases have been reported for this financial year.

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<sup>77</sup> Trans Hex, 2008:27

<sup>78</sup> Trans Hex, 2008:27

<sup>79</sup> 2008:11

## *De Beers*

De Beers maintains<sup>80</sup> that the safety, well being and development of employees and contractors is its top priority. Levels of safety achieved are reported to be among the highest in the extractives sector. Baseline, issue-based and continuous safety risk assessments are conducted at all of their mining operations. Employees and contractors follow health and safety practices consistent with their Safety Policy and Occupational Health and Safety Advisory Service (OHSAS) 18001. They further conduct regular health and safety audits to evaluate their performance and report outcomes to the De Beers Board via the Environment, Community, Health and Safety (ECoHS) Committee. The Safety Principal, Occupational Hygiene Principal and Chief Medical Officer also complete internal assessments on legal compliance, disaster management, noise and other control processes. All workers are represented in joint committees and daily briefings with managers to monitor and advise on health and safety programmes.

De Beers' safety performance has improved significantly since 2004. This is partly due to the development of a Safety Peer Group and the progressive implementation of OHSAS 18001 and the Safety and Health Diamond Grading System. All three of De Beers' safety indicators improved from 2006 to 2007. Shifts lost decreased from 14 400 to 8 578 per 200 000 hours (40,4% reduction). LTIFR decreased from 0,19 to 0,18 per 200 000 hours (5,3% reduction). LTISR (Lost Time Injury Severity Rate) decreased from 37,89 to 22,53 per 200 000 hours (40,5% reduction). Monthly safety statistics for all operations are logged on a intranet and are available to all employees.<sup>81</sup>

The Family of Companies (of De Beers) incurred one fatality in 2007, two fatalities in 2006 and two fatalities in 2005. Three fatalities have been recorded in 2008. In 2007, the Family of Companies developed a set of Fatal Risk Control Guidelines. These identify areas of high risk with a view to preventing future fatalities. They were based on the best practice of peers as well as an historical analysis of all fatal accidents since 1980. Accidents were clustered into six categories: isolation, mobile equipment, the operation of light vehicles, working at heights, lifting equipment and guarding machinery. Accidents in these categories were found to account for over 90% of all fatalities over the last 27 years. Guidelines were then developed to manage the risks associated with this work. The guidelines provide insight into three key elements of risk avoidance and prevention. These include the physical condition of machinery, the written procedures required to manage risks and the actions individuals should follow to ensure they are not injured. De Beers respond to fatalities in the following manner: the causes and circumstances surrounding every fatality are thoroughly investigated and reviewed by a team of safety and other professionals. This includes the De Beers Board, Managing Director, the Operations Manager, Safety Principal, unions and ECoHS Committee. Remedial actions and recommendations are implemented for any fatality. These include amendments to physical equipment, procedures and communications to all employees. Lessons learned following fatalities are also shared with the South African Chamber of Mines, other mining houses and across the Family of Companies.<sup>82</sup>

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<sup>80</sup> 2007:60-61

<sup>81</sup> De Beers, 2007:60-61

<sup>82</sup> De Beers, 2007:61

Formal mechanisms for engaging and building employee awareness on safety issues include e-mails to safety professionals and mine employees, posters, other on site notices and formal safety meetings. All new employees, contractors and site visitors are required to attend a health and safety induction before being allowed on site. All employees are also involved in formal meetings at the workplace to discuss issues of concern and determine how they should be addressed. Issues left unresolved may be referred to the Safety Peer Group or ECoHS Committee for remedial action. Contractors adhere to the same standards and monitoring practices as their own employees. The Safety Peer Group identified the need for a set of guidelines on contractor management. The guidelines will help ensure contractors are fully embedded into the workforce that training records are checked and that background training includes fatal risk control. Future reporting will also present separate statistics for employees and contractors, in order to promote improved contractor performance and accountability.<sup>83</sup>

### *Trans Hex*

Trans Hex reports on having a comprehensive Medical Surveillance Programme, which was fully implemented as per the revised Mandatory Code of Practice for Minimum Standards of Fitness to perform work at a mine, and is 100% complied with. Health and safety throughout the Lower Orange River remains a key focus area in order to:

- Improve the occupational health and safety awareness and well being of all employees
- Improve and maintain the health and safety management system
- Enhance legal compliance
- Minimise or eliminate risk to the employee
- Prevent all injuries to employees and the damage to company property

An internal audit on the Trans Hex Safety Management System has been conducted during the last quarter of 2007 in order to ensure compliance and to highlight shortcomings. Continuous inspections, follow-ups and observations are key drivers to ensure sustainability, assessing safety behaviour and to ensure compliance. Numerous basic key elements, e.g. risk assessments, planned inspections; task observations and communications are part of day-to-day safety management.<sup>84</sup>

Senior health and safety (H&S) officers have been appointed at Reuning and Baken. This ensures better control over the H&S system and more effective communication. A full-time H&S representative has been appointed for the South African land operations. The responsibility for health and safety training has been decentralised to the line managers. The involvement of the line managers simplifies the system and thus makes the system more audits friendly. There is a purposeful drive to create a health and safety culture within the organisation. One of the methods that have been implemented to create such a culture is the five-minute Safety Talk. With every

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<sup>83</sup> De Beers, 2007:62

<sup>84</sup> Trans Hex, 2008:24

shift change the whole shift has a safety topic they discuss. Training records are being kept of the five-minute Safety Talk. The health and safety culture is further being promoted by the running of team-building workshops for all members involved in health and safety.

A new competition for the South African land operations has been created and commenced on 1 June 2008. The competition is divided into three categories, namely, Individual Safety Incentive Scheme, Trans Hex LOR Safety Shield Competition and Annual Safety Competition. Prizes and shields will be awarded after a 12-month period. The objective of this competition is to enhance a health and safety culture, improve and maintain health and safety management systems and to give recognition for individual and section safety performance in the LOR operations.<sup>85</sup>

### **HIV/AIDS Policies**

Each of the major companies operating in the area has got very thorough policies regarding HIV/AIDS and the treatment thereof.

Interviews with staff at the district hospital at Garies and at the clinic at Hondeklip Bay would suggest that HIV/AIDS is not a major problem as prevalence levels are less than 5% of the population. This is perhaps due to the isolation of these communities, the long distances between towns and the fact that the use of migrant labour is minimal.

#### *Alexkor*

Alexkor<sup>86</sup> state that aside from facilitating access to antiretroviral medicine, trained “peer educators” continue to work actively with the company and with the community to create and maintain a high level of awareness of the pandemic. The health-care plan introduced during the previous period of review continues to operate, with voluntary testing encouraged on a regular basis. These efforts are supported by a HIV/AIDS policy.

#### *De Beers*

At the end of 2007, the De Beers Family of Companies employed about 19 000 people in Africa, mainly in Botswana, Namibia and South Africa. The exposure of these employees to HIV/AIDS is a real threat to their health, to their families, to the continuity of their business and to development in Africa. As a result, HIV/AIDS management in these countries is embedded into the workings of their business and is a key part of their business risk management process. The De Beers Family of Companies is committed to addressing HIV/AIDS in a positive, supportive and non-discriminatory manner that enhances engagement and wellness. This includes eliminating stigma. They aim to minimise the socio-economic and developmental consequences of HIV/AIDS through comprehensive workplace programmes that enable us to achieve their “vision of zeros”. Achieving this vision means finding the right balance between the management of prevention, care,

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<sup>85</sup> Trans Hex, 2008:25

<sup>86</sup> 2008

treatment and support initiatives across the Family of Companies. Their HIV/AIDS Operating Committee met seven times in 2007. The committee is chaired by Jonathan Oppenheimer as a De Beers Board Director. It facilitates the coordination and communication of best practice across Botswana, Namibia, South Africa and Tanzania. Since its inception in August 2005, the HIV/AIDS Operating Committee has provided a forum for sharing country best practice and progress on their respective strategies of prevention, treatment and the extension of those initiatives found to be beneficial in the workplace into local communities. These three pillars of action are the main focal areas in our response to managing the HIV/AIDS risk.<sup>87</sup>

De Beers Global HIV/AIDS Policy applies to the entire Family of Companies. It is reviewed on a regular basis according to country and company requirements and best practice. The current policy was developed in consultation with employees, trade unions, local communities, government and Non-Governmental Organisations (NGOs). Our policy ensures there is no obligation on an existing or prospective employee to disclose his/her HIV status. No pre-employment testing or screening is undertaken and screening is not used in the determination of promotions or bursaries. Where an employee's HIV status becomes known, this knowledge is treated in the strictest confidence. De Beers experiences with a dedicated Anti-Retroviral Treatment (ART) programme in South Africa have identified the need for a closer alignment with healthcare service providers to enable a more integrated service and improved patient care. This includes holistic wellness ("stay well") programmes. The De Beers Disease Management Programme (DMP) provides employees with access to health programmes that address physical and psychological well-being. This includes wellness advice, access to physicians, Voluntary Counselling and Testing (VCT), prophylaxis, nutritional supplements and ART when clinically require.<sup>88</sup> Anti-retroviral treatment ART is available free to HIV infected employees and their spouse or life partners where it can be provided in a responsible and sustainable manner. This includes their South African operations and joint ventures in Botswana, Namibia and Tanzania.

Debswana was the first company in the world to provide a DMP outside of medical insurance. It also provides ART to the children of company employees. Employees are not removed from ART programmes if they retire or are retrenched. The ART programmes are externally coordinated by Aid for AIDS (AfA) via a network of accredited service providers. Key indicators enable us to understand more clearly how well our service providers perform in getting employees to adhere to the programme.<sup>89</sup>

### *Trans Hex*

Trans Hex also has a comprehensive employee wellness programme which includes access to on-site clinic facilities and to off-site medical specialists for employees and their family members; a holistic HIV/AIDS management programme, incorporating awareness, voluntary testing, provision of condoms, access to treatment and anti-retroviral drug therapy, counselling and other support services; substance abuse and rehabilitation programmes; a 24-hour, 7 days a week employee

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<sup>87</sup> De Beers, 2007:68

<sup>88</sup> De Beers, 2007:69

<sup>89</sup> De Beers, 2007:70

help line service; and individual access to professional counsellors and social workers. The effective planning and implementation of employee wellness programmes is ensured through the operation of project-based and central-level committees, consisting of management, employees and trade union representatives, together with employees trained as peer educators and a full-time HIV/AIDS co-ordinator.

### **Gender Equity**

Not only in South Africa, but all over the world, the equity issue of gender stands central. Except for enforcement by law (Employment Equity Act, Mineral and Petroleum Resources Development Act, etc.), a high premium on this is also being placed by Human Rights Commissions internationally as well as the International Labour Organisation.

#### *Alexkor*

Alexkor remains committed to supporting female participation in the local mining economy despite the difficult operating environment, and to this end the women's empowerment consortium awarded a contract to mine the Witvoorkop land mining rights, at a favourable split of the revenue to the consortium, continue to benefit from revenue flows. This empowerment initiative is aimed at developing the capacity of the women to independently manage a mining operation. In support of this aim information sessions on the Mine Health and Safety Act No. 29 of 1996, as amended and the upgrading of resources to reserves have been provided. In addition on-site explanations of the mining process and machinery involved have taken place, as have visits to dense media separation plants and a final recovery plant. Further initiatives to encourage female participation in the mining industry have been provided by encouraging female equity in the shallow water mining contracts and land mining contracts, which accounts for approximately 18% of the shareholding in these contracts.<sup>90</sup>

#### *De Beers*

Women constitute about 21% of the De Beers permanent workforce and about 19% of management roles. DBCM is required by the South African Mining Charter to ensure women make up a minimum of 10% of the technical related workforce by 2009. At the end of 2007 DBCM had achieved a workforce rate of 8,7% women in technical related positions and a management rate of 18%. Last year also saw significant progress in DBCM's transformation process. The Voorspoed mine introduced female haul truck drivers, which are already in place at the Venetia mine. The Kimberley mine appointed the first female operations manager in DBCM's 119-year history.<sup>91</sup>

### **Child Labour, Forced Labour and Freedom of Association**

#### *De Beers*

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<sup>90</sup> Alexkor, 2008:15

<sup>91</sup> De Beers, 2007:76

No incidents of child labour were recorded in any of the De Beers operations in 2007. This has been third party verified through the BPP Assurance Programme. Their Employee Human Rights Policy prohibits any child under the age of 16 from being employed. It also requires that “no persons under the age of 18 will be employed in roles that may be hazardous to their health, well-being or safety, including any night work, underground work and work involving machinery.”

No incidents of forced or compulsory labour were recorded at the De Beers operations in 2007. This has been third party verified through the BPP Assurance Programme. All employees earn significantly more than the respective country’s minimum wage. The Employee Human Rights Policy recognises that “employees will not be subjected to forced labour” and acknowledges overtime to be voluntary in accordance with the national permitted level.<sup>92</sup>

The De Beers Employee Human Rights Policy stipulates that employees and employers are free to form associations for the protection of their interests and to bargain collectively where the relevant thresholds of representation are met. Trade union and employee associations have a strong presence at most mining operations. Unions have also been invited to comment on a number of our human resources policies and are active participants in their health, safety and HIV/AIDS programmes. Loss of employment due to organisational change may occur as a result of restructuring or mine closure. In such circumstances, De Beers consult extensively with employees and employee representatives before embarking on any retrenchments.<sup>93</sup>

#### *Trans Hex*

The Trans Hex group uses a variety of participative structures to deal with issues affecting employees directly and materially. These include collective bargaining mechanisms, structures to drive productivity improvements, safety committees and other participative forums. These structures, set up with trade unions and other employee representatives, are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the early identification and resolution of conflict.<sup>94</sup>

### **Integrity, Transparency and Ethical Behaviour**

#### *Alexkor*

According to Alexkor,<sup>95</sup> they subscribe to the highest levels of professionalism and integrity in conducting all its business dealings with its stakeholders. Alexkor continually strives to reinforce a culture in its people of openness, honesty and responsibility in order that the conduct of its directors, management and employees are beyond reproach. The board and the Company are committed to a code of ethical and moral behaviour encompassing:

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<sup>92</sup> De Beers, 2007:74

<sup>93</sup> De Beers, 2007

<sup>94</sup> Trans Hex, 2008

<sup>95</sup> 2008:19



- Fairness and honesty;
- Transparency to all stakeholders;
- No tolerance of theft, dishonesty or any form of corrupt activity; and
- No conflict of interest in any decision or action affecting the Company.

Alexkor is in the process of adopting an official policy on ethics for active implementation across all levels of the Company. The code will be presented to the board for approval during the 2009 financial year.

#### *De Beers*

De Beers maintain that the specific emphasis of their activities to embed ethical standards differs for each part of the diamond value chain. In producer countries they focus on issues such as Kimberley Process certification, anti-corruption, human rights and security. They work with programmes such as the Extractive Industries Transparency Initiative (EITI) to ensure transparency of flows of diamond revenues. In distribution and marketing activities, they work with organisations such as the Council for Responsible Jewellery Practices (CRJP) to drive high standards throughout the diamond industry on issues like good governance, labour standards and anti-money laundering. They also actively support ethical initiatives that materially impact the entire diamond value chain. This includes the Kimberley Process, which has helped ensure the conflict-free status of about 99,8% of world rough diamond production.<sup>96</sup>

#### *Trans Hex*

The Trans Hex group is committed<sup>97</sup> to the highest standards of integrity, behaviour and ethics in dealing with all stakeholders. The directors have implemented controls to monitor that the values, behaviour and ethics, as outlined in the company's corporate charter and code of ethics, are being adhered to. A confidential reporting mechanism is in place where employees are assured of anonymity when reporting matters relating to diamond theft, fraud and other crime within the company.

### **Conclusion to the Social Dimension**

Although most of the policy statements of the companies under review regarding the critical social issues are faultlessly formulated, the situation on the ground and from the perspective of communities does not always match the claims in the reports. The following Table gives the views of community members on some of these social issues.

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<sup>96</sup> De Beers, 2007:44

<sup>97</sup> Trans Hex, 2008:22

**Table 4:** Community perception of CSR performance of the diamond mining industry in terms of its contribution towards the social dimension of sustainable development

Field	Average score	Percentage
Health	2.07	41.4%
HIV/AIDS	2.25	45%
Housing/Infrastructure	2.12	42.4%
Commitment	1.46	29.2%
Empowerment	1.98	39.6%
General visibility of management	1.63	32.6%
Transparency	1.75	35%
Control mutuality	1.66	33.2%
Citizenship	1.66	33.2%
Sustainable development	1.83	36.6%
Information and communication	1.75	35%
Credibility/trustworthiness	2.04	40.8%
<b>Total average CSR score (all fields):</b>	<b>1.85</b>	<b>37%</b>

## 9. RECOMMENDATIONS

This section includes recommendations which will help mining companies in the region to achieve their corporate social responsibilities (CSR) and ensure sustainable development - will be highlighted.

The research has been strongly focused on the negative perceptions of community members, which is understandable as it is mainly based on the perceptions of communities who have been disadvantaged and feel that they have been exploited for the last few decades in the area. This is the reality for these communities and it is impossible to address these perceptions if the mines do not know what exactly these perceptions and expectations entail. The rights of local communities to determine their own futures – not to have it decided for them by corporations, are extremely important.<sup>98</sup> On the other hand, the researchers tried their best in the compiling of the report to objectively, but critically analyse the CSR policies of the companies – from personal interviews, the questionnaire for management and then of course by making a thorough study of the annual and sustainable reports of companies. In doing so, the research team is hoping that the report is being viewed from outside as objective, scientific and balanced.

When making recommendations, it can also be advantageous to focus on the positives that each role player can bring to the relationship. The negatives are important for understanding what

<sup>98</sup> Also See Viviers & Boudler, 2008

the communities have been going through – occasionally as a result of their own actions, but more often as a result of those of other role players (e.g. government and mining companies) - and can be used as a lesson that must not be repeated. On the other hand, if the negatives are not managed well, they can leave the role players accused of exploitation, feeling vulnerable and force them to make quick, dramatic responses and decisions, which can be detrimental to the entire process of achieving sustainable development.

The research results of this study showed vast differences between viewpoints, expectations, perceptions and needs of the different role-players and stakeholders. The only way to start an alignment process between community expectations and the mines' own expectations and perceived responsibilities within their neighbouring communities, is to embark on a community engagement process with the aim of mutual understanding and improved community relations.

**Against the background and context sketched above, the following are some of the recommendations:**

1. Mining companies in the area as well as the South African government must work towards achieving the *Principles, Criteria and Bench Marks* of CSR, provided in the framework *Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance*. These are based on international standards, protocols and agreements.
2. There are serious concerns about the legislative environments within which mining corporations operate, not only in South Africa but also throughout SADC. The researchers already (in previous research) recommended that legislation be standardised throughout the region so as to avoid some countries or areas becoming 'pollution havens' for unscrupulous mining corporations; in the divide and rule rush for mineral investments some African countries may fall pray to abuse and exploitation.
3. The following **standardising and reporting initiatives** must be adhered to, namely Global Reporting Initiative (GRI), Social Accountability 8000, Extractive Industry Transparency Initiative, Publish What You Pay and the Fair Labour Association (FLA). These initiatives share the following<sup>99</sup>:
  - a. Multi-stakeholder approach
  - b. Specific focus/reference to human rights and labour rights
  - c. Requirement that companies measure and/or report against indicators
  - d. Global focus
  - e. Transparency
4. The so-called **precautionary principle** must be interpreted by mining companies along the following common lines:<sup>100</sup>
  - a. Uncertainty is unavoidable in sustainability issues

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<sup>99</sup> see Cramer & Rambaldo, 2001:11

<sup>100</sup> see Dovers & Handmer 1995

- b. Uncertainty over the severity of environmental impacts resulting from a development decision or a current human activity should not be an excuse to avoid or delay environmental protection measures
  - c. Companies should anticipate and prevent environmental damage rather than simply react after it has occurred
  - d. The burden of proof should shift from the victim to the developer, so that those proposing an action must show that it will not harm the environment or that whatever practical measures available for preventing damage will be taken
5. Companies should have a clear understanding of the **policy context for regulatory approaches regarding the environment**. A useful typology for classifying the various environmental policy instruments, include:<sup>101</sup>
- a. Directive-based regulation: which refers to the traditional use of government regulations whereby a public authority sets standards, monitors and enforces compliance to these standards and punishes transgressions.
  - b. Market-based instruments (MBIs): act as *incentives* for the development of more cost-effective pollution control technologies and they provide greater *flexibility* in the choice of technology or prevention strategy, thus being more cost-effective in achieving agreed levels of pollution.
  - c. Self-regulation and co-regulatory policy instruments: seek to change corporate behaviour through information and incentive-based mechanisms. A common feature of these approaches is their tendency to induce improved environmental management through systems of self-discipline, thereby making use of the entrepreneurial spirit to drive environmental innovation while at the same time reducing a dependency on limited government resources.
  - d. Information-based instruments: these include measures taken to enhance awareness on environmental issues, such as technical assistance programmes, advertising, eco-labelling, performance reporting, group empowerment programmes and small business incentive schemes.
6. Communities are characterised by high cash dependency with little informal activities relating to extra income earning projects. Consequently, the levels of poverty are dependent on the employment status of the community members. Continuous sustainable projects that generate local employment are thus crucial; also with the possibility of future mine closure in mind.
7. Community projects require creative marketing strategies and comprehensive business plans. Project consultants can be used in this regard.
8. Mining companies' cost accounting must include the environment, economic and social costs of the communities.
9. The research highlighted **infrastructure** (especially roads and housing) as one of the major priorities. A good working relationship and partnership between all parties (the

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<sup>101</sup> Hanks, 2002

mining companies, national and local government, NGOs, traditional leaders and communities) are crucial to resolving the infrastructure issue.

10. **Mine management plus key employees require training** with regard to community engagement, communication and dealing with communities and traditional leaders at different levels. A strategic alignment process is needed to align employees, especially those on middle management level with company values as expressed in the policy documents of the mine. In order to achieve this, the mine could make use of training and research institutions such as universities, or business consultancies, which can assist with this long-term process.
11. The SADC governments must develop the capacity to have **control of mineral resources** in **processing, manufacturing and marketing** the minerals that are currently being undertaken beyond national borders.
12. To operate within the **current economic and political mining climate** in South Africa and globally, the companies on the West Coast' **CSI/CSR practices** should definitely:<sup>102</sup>
  - a. Be closer aligned with core business and comply with requirements of Charters and other Industry Codes
  - b. Put formula-based CSI budgets in line with Charters and Industry Codes
  - c. Come up with new and refined CSI strategies with defined benefits for the business
  - d. Integrate CSI thinking throughout the business and have specialist staff to manage formalised CSI programmes
  - e. Make wide use of Employee Volunteer Programmes to mobilise employment involvement
  - f. Form long-term working partnerships with NPO (Non-Profit Organisation) service providers and other partners
  - g. Put social investment, rather than grant making to the fore, with emphasis on development returns
  - h. Measure CSI results against output-based objectives and CSI indicators
  - i. Externally verify CSI results and increase communication about CSI and formal reporting
  - j. In addition to this the Bench Marks Foundation recommends that CSI interventions address the social, economic and environmental impacts in a developmental way that leads to job creation and sustainable development in the impacted communities.<sup>103</sup>
13. Government should take a lead role in the sustainable development of mining communities and corporate social responsibilities. In the case of mining, four governments departments have a responsibility in this regard; Department of Minerals,

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<sup>102</sup> CSI Handbook, 2007:26

<sup>103</sup> Policy Gap- a review of the Platinum Mining Industry in the North West Province.

Department of Environmental Affairs, Department of Water Affairs and Forestry (DWAF) and the Department of Land Affairs (DLA).

14. The government together with other stakeholders in the mining communities should set up strategies for effective community engagement as an important part of the sustainable development process of CSR and sustainable development. Clear communication channels at all levels are essential in this regard.
15. The government and other stakeholders should establish one vision for corporate social responsibility and sustainable development for the West Coast.
16. The government should undertake research into **good CSR practice in SADC and international approaches to CSR and sustainable development in mining communities**. The research findings should be used to make informed directives in setting up legislation on CSR and sustainable development for the West Coast context.
17. **Company policies and contracts must not override national legislation**. The South African mining legislative structure must give guidance to what is to be achieved by whom, where, how and when. The Act must also provide fitting (effective and severe enough) **punitive directives** for non-compliance.
18. **Welfare legislation** must take into account community members burdened with obligations to support other community members suffering with HIV/AIDS and TB. **Tax incentives** for employees must support this state of affairs.
19. Legislation must have identified **monitoring agencies** and targets embedded within it. Capacity of monitoring agencies must be effective and targets must be realistic.
20. Government should undertake either **structural or upgrade infrastructure** as a necessary and non-negotiable requirement for sustainable development in the mining communities.
21. Development projects should focus on employment creation as a priority in order to set the foundation for community members to set up **income generating projects**.
22. Companies should also do more in the area of **CSR reporting**. Companies operating on the West Coast must aim at **regularly disclosing** issues relating to sustainability, CSR strategies (including projects) and policies in a **uniform and truthful manner** (De Beers must be complimented with their thorough way of reporting!). This will not only help companies in gaining and maintaining their Social License to Operate (SLOs) and improve on their corporate image (e.g. community perceptions), but it will also form part of bridging the 'gap' in communication that is currently in existence between companies and their stakeholders.
23. To achieve effective CSR and sustainable development in the surrounding mining communities on the West Coast, government and other stakeholders must also act in a **transparent** way in all their actions.
24. One of the areas the study pointed to was the potential for wind energy generators to serve the local communities as something that the diamond companies in the area could invest in as part of building sustainable communities.

## 10. CONCLUSION

In a regulatory sense, it seems that the industry on the West Coast is embedded, like the mining in the rest of South Africa in an unfolding legislative environment in which the primacy of the mining industry is often in conflict with environmental and community concerns (see Policy Gap 2). There is much room for clarifying legislation as far as CSR concerns go. This is particularly so with regard to the need for broad based economic empowerment rather than the empowerment of a small elite. Except for the Richtersveld community and to a lesser extent the people of Steinkopf most communities on the West Coast do not benefit much from corporate CSR programmes.

The implementation and monitoring of these policies also seem to be problematic. As a result, **serious environmental and social problems** exist throughout the region. For the industry to become sustainable in the long term, it needs to obtain the support, participation and perhaps shareholding of the communities in which it operates. The alluvial mining diamond mining industry on the West Coast is by all accounts in steep decline and may even be considered a 'sunset' industry, perhaps the days of large scale capital-intensive mining in the area is over. After almost a hundred years of diamond mining on the West Coast communities have little to show in terms of community development, infrastructural development or an existence much above that of a subsistence level. Sound relationships and cooperation between the different stakeholders (mining companies, civil society, government and communities) are essential for the sustainability of the mining sector in West Coast, where human rights often take second place to profitability whilst corporate social responsibility remains a part of a glossy global corporate annual report with little bearing to the reality on the ground. The decline of the industry in this area means that it receives little mention in such global reports.

Government incapacity, in so far as DME and DEAT is concerned implies that the mining corporations in the area have almost carte blanche as far as environmental rehabilitation and mine closure commitment are concerned. The implications are that CSR driven development is rendered ineffective unless the national and provincial governments take the necessary steps to overcome these limitations. Government must take into account that, in a democratic nation, it has the role to protect the rights of those who elect them rather than sacrifice their human rights for the sake of corporate investment.

The fact of the matter is that, when this 'business' relates to the extraction of minerals that are supposed to belong to all the people of a given country and because mining has so many impacts on all levels of society, the companies' core business should at the very least be '**responsible mining**'. Currently, this (responsible mining) is **not** happening on the West Coast, as is evident from the **results** that were obtained from the measure of CSR practises against the '*Bench Marks Tool*' and community perceptions about the industry.

It is important to state that there are extreme social problems in the communities and the perception in the communities is that many of the problems are caused by the mines and their operations, as well as by government's passive nature during all of this. Therefore the solutions, according to the communities, are the corporate social responsibility of the mines, but also the responsibility of government entities. Although there is a strong sense of dependency in the

communities, it is important to note that there are people within the communities looking to move away from this dependency on the mines. However, in order to do so they acknowledge that they need some initial support. Also important to note is the role of government as a development partner.

Although Corporate Social Investment (CSI) is often the starting point of companies' involvement, companies must also move on to the natural second step of Corporate Social Responsibility (CSR) igniting a conscious awareness that a business should build a strong public reputation for social responsibility **inwardly** (workforce practices) and **outwardly** (treatment of and respect for customers, stakeholders and the environment).



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## APPENDIX A

### CORPORATE SOCIAL RESPONSIBILITY (CSR) ASSESSMENT TOOL

#### *For the Diamond mining sector*

This questionnaire consists of 110 short items (section B & C), as well as 3 longer questions (section D) that will require you to give an opinion of the mining company's overall CSR performance. The questions are based on the Bench Marks Principles for Global Corporate Responsibility (2003) by the Bench Marks Foundation, as well as existing CSR questionnaires (e.g. WBCSD Self-assessment questionnaire, 2000).

#### RELEVANT DEFINITIONS

**Corporate Social Responsibility:** *is the responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that: is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law; and is consistent with international norms of behaviour that are integrated throughout the organisation (Working definition, ISO 26000 Working Group on Social Responsibility, Sydney, February 2007).*

**Sustainable development:** *is development which meets the needs of the present without compromising the ability of future generations to meet their own needs. Three dimensions of sustainable development have been identified as economic, social and environmental (World Commission on Environment and Development, "Our Common Future", 1987).*

**Stakeholders:** *are people or institutions that are affected, or might be affected, by an organisation's activities. Likewise, stakeholders can, in return, affect the activities of that organisation (WBCSD). One should also realise that there are others with a burning interest in mining company activities who may not seem to be actually affected by the company's actions but who should also be included in the stakeholder grouping. This could mean Non-Government Organisations (NGOs) who are not even present in the country where the mining is taking place and who seem to have no tangible connection to the operation or its activities (MMSD, 2002).*

**Mining communities:** *"...where the population is significantly affected by a nearby mining operation. The community may be associated with the mining venture through direct employment or through environmental, social, economic or other impacts. The community can range in size from a city to a village..." (Veiga et al. 2001).*

## SECTION A: BIOGRAPHIC INFORMATION

Name: \_\_\_\_\_ Gender: \_\_\_\_\_

Country of origin: \_\_\_\_\_

Name of company: \_\_\_\_\_

Year of company incorporation/takeover: \_\_\_\_\_

How long have you been with the company? \_\_\_\_\_

Position in company: \_\_\_\_\_

How long have you been working in the mining environment? \_\_\_\_\_

Who are the company's shareholders/owners? \_\_\_\_\_

What does the company mine? \_\_\_\_\_

What percentage of the company's annual turnover is spent on Corporate Social Responsibility (CSR)?  
\_\_\_\_\_

Please give a brief description of your job:

\_\_\_\_\_

Has there ever been any other CSR research conducted in the company? \_\_\_\_\_

If "YES" When and by who? \_\_\_\_\_

What were the major findings of their research?

\_\_\_\_\_

DIRECTIONS (for section B and C): Below are 110 **statements** with which you may **agree or disagree**. Using the 1-5 scale below, indicate your opinion of each item by marking with a **X** the appropriate number in the chosen block following that item. Please be open and honest in your responding.

**1 = Strongly Disagree** (If you believe the statement almost never applies to the company)

**2 = Disagree** (If you believe the statement does not really apply to the company)

**3 = neither Agree or Disagree** (Not sure if the statement applies or not)

**4 = Agree** (The statement applies to the company in some degree)

**5 = Strongly Agree** (The statement is highly applicable to the company)

## SECTION B: CORPORATE SOCIAL RESPONSIBILITY POLICY

### IN GENERAL

1 2 3 4 5

1. The company has identified its stakeholder groups, including civil society and NGO's and community interest groups
2. The mining company has a written vision that includes certain corporate values which is available to the public.
3. The company has a documented commitment to Corporate Social Responsibility (CSR) in a formulated CSR policy (guiding principles which inform and guide the implementation of the CSR strategy).
4. The CSR policy is available to the general public (e.g. published in different media sources or on the Internet, etc.)
5. This policy is also available to the local communities in a manner that is accessible to them (e.g. their own language).
6. Formal reports of the company's CSR performance are subject to external, independent verification.

THE FOLLOWING **INDICATORS/PRINCIPLES** ARE GUIDING AND SUPPORTING THE COMPANY'S CSR STRATEGY WITH REGARD TO THE **WIDER COMMUNITY**:

### COMMUNITY HEALTH

7. The company views health in holistic terms of well-being of body, mind and spirit; and not merely as the absence of sickness or disease.
8. The company realises its impact on the physical health of its communities as it adopts all relevant internationally recognised health standards.
9. The company is also realises its impact on the mental health of its communities by adopting its own set of policies to minimise negative effects.

### COMMUNITY SAFETY

10. The company adopts a policy that aims to uphold the safety of its surrounding communities.
11. The company continually seeks to improve on its own safety standards and regulations that apply to its surrounding communities.

### SUSTAINABLE DEVELOPMENT

#### Environment dimension

12. The company adopts high standards for protecting the ecosystem.

13. Central CSR issues that receive attention in these standards include: climate change, biodiversity and pollution prevention.
14. The company is in full compliance with all international, national and sub national environmental regulations.

#### **Social dimension**

15. The company affirms the central importance of sustainable development of communities, in the present and the future.
16. The company develops specific indicators (such as on local employment, natural resources, health, infrastructure, preservation of cultural values) to measure how it contributes to community sustainability.
17. The company evaluates its mining operations in the light of community sustainability.

#### **Economic dimension**

18. The company recognises its economic impact on local communities especially where it is the principal employer.
19. The company seeks to develop long-term business relationships in local communities and does not terminate its operations without assessing the long-term environmental, social, cultural and economic sustainability impacts on the local community.
20. The company aspires to integrating the interests of all stakeholders with that of its own business goals (e.g. by supporting local suppliers, markets and manufacturers).

#### **HUMAN RIGHTS**

21. The company adopts a comprehensive and verifiable human rights policy, which include an explicit commitment to the Universal Declaration of Human Rights and the International Labour Organisation's standards.
22. An active human rights committee with a designated person has been established and reports to the Board of Directors.
23. The company links executive compensation to social as well as financial performance, including the company's efforts to secure basic human rights within its operations.

#### **INDIGENOUS & LOCAL COMMUNITIES**

24. The company is committed to respecting fully the rights of indigenous peoples as they are recognised by the appropriate jurisdictions and laws.
25. The company respects the bio-cultural integrity of indigenous peoples, their lands and traditions.
26. The company strives to contribute to the long-term environmental, social, cultural, and economic sustainability of the indigenous peoples, nations or communities in which it operates.

#### **RESOURCE EXTRACTION**

27. The company ensures that its policies in regard to resource extraction do not contravene local laws and regulations.
28. The company has a plant closure policy which provides transitional arrangements for employees.

THE FOLLOWING **INDICATORS/PRINCIPLES** ARE GUIDING AND SUPPORTING THE CSR STRATEGY WITH REGARD TO THE **CORPORATE BUSINESS COMMUNITY**:

### **LABOUR RELATIONS**

29. The company has a global standard governing its employment practices and industrial relations, which includes: genuine respect for employees' right to freedom of association, labour organisation, free collective bargaining; non-discrimination in employment; no violation of the rights of children.
30. The company values all its employees in terms of their social, intellectual, economic and personal contribution to the company in every sector of its operations

### **HUMAN RESOURCE MANAGEMENT**

#### **Women in the Workforce**

31. The company values women as a vital group of employees who have a significant contribution to make to the work of all companies;
32. The company has in place effective and appropriate policies and statements of equality of opportunity for women in the workforce, which are monitored and maintained throughout all levels of employment.

#### **Minority Groups**

33. The company has an employment policy, which enables people from 'minority' groups (e.g. migrant workers) to be recruited to the company, to achieve progression in employment in the company and to receive training and promotional opportunities without discrimination.
34. The company has a policy that its work force reflects the racial/ethnic origin and cultural composition of the local population at all levels.

#### **Persons with Disabilities**

35. The company values persons with physical, sensory and/or mental disabilities as full participants in the company workforce.
36. The company has a policy of employing people with disabilities and of providing the resources and facilities, which enable them to achieve progression in employment in the company and to receive training and promotional opportunities without discrimination.

#### **Child Labour**

37. The company guarantees that neither it nor its contractors employ children as defined by ILO standards and the International Convention on the Rights of the Child.

38. The company has a precise statement regarding the employment of children and young people. This policy is publicly available throughout the company and its suppliers in the languages of any and all workers and it is clearly communicated to all employees in a manner, which can easily be understood by them.

#### **Forced Labour**

39. The company has a clearly stated policy in regard to the monitoring of the employment of people under duress.
40. The company adheres to global regulations concerning forced labour (e.g. International Labour Organisation Convention on Forced Labour).

#### **HEALTH**

41. The company subscribes to the principle that every worker has the right of access to health care, including accessible and affordable therapies and medicines.
42. The company adopts specific policies to ensure that the workplace is free from toxic substances and all kinds of risks; is properly ventilated and appropriate, free, protective equipment and hygienic bathrooms and changing rooms for workers, especially for women and young workers are provided.
43. The company adopts a policy of non-discrimination and commits to programs to overcome discrimination and stigmatization of employees with HIV / AIDS.

#### **SAFETY**

44. The company has clear communication policies on occupational safety through a variety of means, including a clear checklist and a worker-friendly handbook.
45. The company ensures that workers can elect representatives through democratic processes to a mine Safety Committee. They have rights to have regular monitoring of the mine, to have full access to all the information related to the occupational safety issues, and they will not be penalised when they assume these duties.
46. The company accepts independent monitoring by civil society groups and qualified inspectors and provides access for the inspection of plant facilities.

#### **FINANCIAL INTEGRITY**

47. The company insists on honesty and integrity in all aspects of its business, wherever business is conducted.
48. The company is committed to transparency in all its accounting and financial reporting statements and communications with shareholders.

#### **CORPORATE GOVERNANCE & ETHICS**

49. The company's governance structure is based on ethical values, including inclusivity, integrity, honesty, justice and transparency.
50. The company's corporate governance policies balance the interests of managers, employees, shareholders and other company stakeholders.



## SECTION C: CORPORATE SOCIAL RESPONSIBILITY PRACTICE

### **IN GENERAL:**

51. The company's vision and the corporate values were prepared in consultation with stakeholders.
52. These values have also been communicated to the public.
53. The company's strategy for implementing CSR was formulated in consultation with stakeholder groups.
54. Relevant management have specific responsibilities for implementing the CSR strategy.
55. Targets and time scales for CSR implementation have also been identified and set in consultation with stakeholder groups.
56. Progress in implementing CSR is continually being communicated to employees, the public and stakeholder groups (i.e. CSR reporting).

### **THE FOLLOWING PRACTICES DRIVE THE COMPANY'S CSR STRATEGY WITH REGARD TO THE WIDER COMMUNITY:**

#### **COMMUNITY HEALTH**

57. The company takes all the necessary steps to ensure that it does not negatively impact on the physical health of the surrounding communities (e.g. through pollution prevention, etc.)
58. The company takes all reasonable steps to ensure that it does not negatively impact on the mental health of the surrounding communities.
59. The company provides care for the physical health of its surrounding communities (e.g. medical care in clinics; but also respecting any traditional medicine/practices).
60. The company provides care for the mental health of its surrounding communities (e.g. counselling and intervention programs).

#### **COMMUNITY SAFETY**

61. The company takes all necessary precautions (e.g. fencing off open pits) to ensure the safety of the communities living around the mining areas.
62. The company also ensures that appropriate measures are taken to redress injuries to persons harmed as the result of the environmental hazards created by the company.

#### **SUSTAINABLE DEVELOPMENT**

##### **Environment dimension**

63. The company continually seeks to improve on its performance of protecting the environment.

- 64. Where environmental degradation has occurred, every effort is made to reduce its impact immediately, to supply technical data to those working on the containment and to repair and restore the damaged ecosystem.
- 65. The company has sound practices and procedures to prevent pollution and reduce resource and energy use in each stage of production.

**Social dimension**

- 66. The company reports in oral and written form on its community impact, in a manner that is accessible to local communities in the local language.
- 67. The company implements social development programs in its communities.
- 68. The company established a consultative structure, including a senior director and representatives of stakeholders identified by local communities, society and its own workforce, which meets on a regular basis and at an accessible location, to discuss the company's business goals in relation to community needs, including social and environmental concerns.

**Economic dimension**

- 69. Natural resources (e.g. minerals), which become an asset to the company are stated as a debt to the community, which the company addresses in a mutually agreed negotiation with the community.
- 70. The company communicates its business plans in a way that the local and/or indigenous community can understand.
- 71. The company negotiates a just and equitable economic settlement with the indigenous communities involved, including adequate compensation where applicable.

**HUMAN RIGHTS**

- 72. The company upholds the integrity of all human beings and their cultures.
- 73. The company does not commit or engage in activities which lead to abuse and violation of international recognised human rights standards.
- 74. The company also does not assist in abuses and violations by others, be they government authorities, paramilitary organisations, armed gangs or other non-state actors.
- 75. The company ensures that its activities respect all life on the Planet and all contraventions of human rights are reviewed and recorded, and corrective action is taken.

**INDIGENOUS & LOCAL COMMUNITIES**

- 76. The company seeks and receives approval from local indigenous communities and leadership prior to beginning any operation or business activity, in a transparent way.
- 77. The company, with the co-operation of the indigenous peoples concerned, performs a holistic comprehensive study of its potential environmental, physical, psychological, social, economic, cultural and spiritual impact on the community and modifies its business plan to ameliorate potential harm.

- 78. The company provides employment and training opportunities for, and actively recruits from indigenous and/or local communities for all levels of employment.
- 79. The company, together with the legitimate representatives of the indigenous and/or local community jointly establishes clear decision-making processes and structures with a recognised program that monitors their implementation.

**RESOURCE EXTRACTION**

- 80. The company only proceeds to extract natural resources in situations where their renewal is guaranteed or where, in the case of non-renewable resources, it has made provision for the creation of sustainable alternatives.
- 81. The company has a strategy whereby mutually agreed proper compensation for the extraction of resources is made to all the relevant national, local and indigenous communities for the acquisition of their assets.
- 82. In instances where the extraction of resources either violates human rights, or where the extraction can only be carried forward with the aid of military intervention in zones of conflict, the company does not proceed with the work program.

THE FOLLOWING **PRACTICES** DRIVE THE COMPANY’S CSR STRATEGY WITH REGARD TO THE **CORPORATE BUSINESS COMMUNITY**:

**LABOUR RELATIONS**

- 83. The company does not discriminate on the basis of gender, racial/ethnic origin, social or ethnic origin, culture, religion, age, disability, sexual orientation, nationality, citizenship or political opinion.
- 84. The company provides payment of a sustainable living wage (e.g. pensionable contracts) on the agreed level with trade unions, with equal remuneration for work of equal value.
- 85. Non-permanent (contracted) workers also receive a sustainable living wage and are never taken advantage of in terms of viewing them as ‘cheap labour’.
- 86. The company provides and upholds a working environment free from all forms of harassment.
- 87. The company provides work schedules that are reasonable and enable employees and their families to live in a sustained and healthy manner.

**HUMAN RESOURCE MANAGEMENT & DEVELOPMENT**

**Women in the Workforce**

- 88. The company ensures that the social and biological determinants that affect women because of gender are addressed by appropriate policies within the work place, including pregnancy leave, maternity leave and medical leave.
- 89. The company provides adequate technical training, which contributes to the advancement of all workers, especially women (by taking physical capabilities into account).

**Minority Groups**

90. The company does not discriminate on minority groups (e.g. migrant workers)
91. The company publicly discloses information on the diversity of its entire workforce, including the number of employees by gender, disability and racial/ethnic origin, at every level of the company, including at senior management level.

#### **Persons with Disabilities**

92. The company ensures that persons with disabilities who apply for jobs with the company receive fair treatment and are considered solely on their ability to do the job with or without workplace modifications.
93. When a worker employed by the company becomes disabled, the company continues to employ that person and provides the modifications necessary to enable the worker to continue at the previous status.

#### **Child Labour**

94. The company does not exploit children as workers. If monitoring reveals that children are being exploited, immediate steps are taken to rectify the practice and to provide for the rehabilitation of the children involved.
95. The company regularly consults with country-specific knowledgeable organizations regarding programs and practices to remove children from work sites and re-integrate them into home, school and community.

#### **Forced Labour**

96. The company employs workers who choose to be employed by that company and does not use any forced labour, whether in the form of prison, indentured, bonded slave or any other non-voluntary labour.
97. If it is discovered in its monitoring that any workers have been employed under duress, immediate steps are taken to rectify the practice and to provide for the rehabilitation of the workers involved.

#### **HEALTH**

98. The company provides care for diseases and illnesses associated with physical mining environmental factors (e.g. Tuberculosis, airborne and water associated illnesses, hearing problems).
99. The company also provides care for diseases and illnesses associated with social mining environmental factors (e.g. HIV/AIDS and STIs, substance abuse).
100. The company is actively taking all necessary steps to ensure the psychological, emotional and social well-being of its employees.
101. The company provides: on-going education on the prevention of diseases like HIV/AIDS. Training to overcome the stigmatization of employees with HIV/AIDS and support systems to employees and their families such as counselling are provided.

#### **SAFETY**

102. The company is actively creating a workplace free of toxic substances and all forms of hazards.

103. The company complies with all applicable international safety standards.

104. The company currently has a good safety performance or record.

105. The company continually seeks to improve on its safety performance.

## **FINANCE**

106. All transactions on behalf of the company are appropriately described in the accounts of the company in accordance with established procedures and are subject to independent external audit.

107. The company publicly discloses all royalties, taxes, fees, payments and any other revenue paid to state or parastatal partners as derived from project partnerships.

## **CORPORATE GOVERNANCE & ETHICS**

108. All parts of the company, associated companies, divisions, units and subsidiary companies abide by the same codes of ethics and conduct as the parent company as a minimum standard.

109. Only claims which can be substantiated and fulfilled are made by the company, its employees and its agents.

110. The company's Development Agreement was done in a transparent way in consultation with relevant stakeholders.

## SECTION D: OPEN QUESTIONS

1) PLEASE PROVIDE SOME REMARKS ON **HOW** THE COMPANY PRESENTS **GOOD PERFORMANCE** WITH REGARD TO THE FOLLOWING CSR ASPECTS:

- **STAKEHOLDER ENGAGEMENT**
- **HEALTH (Employees and community)**
- **SAFETY (Employees and community)**
- **ENVIRONMENTAL SUSTAINABILITY**
- **LABOUR RELATIONS AND HUMAN RESOURCES DEVELOPMENT**
- **PROTECTION OF HUMAN RIGHTS**
- **SUSTAINABLE COMMUNITY DEVELOPMENT (Economic and Social)**
- **TRANSPARENCY, ACCOUNTABILITY, CSR REPORTING**

2). PLEASE PROVIDE SOME COMMENTS INDICATING WHERE THE COMPANY **STILL NEEDS TO IMPROVE** WITH REGARD TO THE FOLLOWING CSR ASPECTS:

- **STAKEHOLDER ENGAGEMENT**
- **HEALTH (Employees and community)**
- **SAFETY (Employees and community)**
- **ENVIRONMENTAL SUSTAINABILITY**
- **LABOUR RELATIONS AND HUMAN RESOURCE DEVELOPMENT**
- **PROTECTION OF HUMAN RIGHTS**
- **SUSTAINABLE COMMUNITY DEVELOPMENT (Economic and Social)**
- **TRANSPARENCY, ACCOUNTABILITY, CSR REPORTING**

## APPENDIX B

### COMMUNITY QUESTIONNAIRE

(Supplement quantitative questions to be asked 30 minutes before the end of the interview)

#### **Biographic information:**

Name: \_\_\_\_\_

Gender: \_\_\_\_\_

Country of origin: \_\_\_\_\_

Name of area you reside: \_\_\_\_\_

How long have you been in the area? \_\_\_\_\_

Marital status: \_\_\_\_\_

Number of children: \_\_\_\_\_

Employment status: \_\_\_\_\_

If employed; where do you work? \_\_\_\_\_

If employed what is your occupation? \_\_\_\_\_

How long have you been working in the Diamond mining environment ? \_\_\_\_\_

What type of accommodation do you live in? \_\_\_\_\_

Who do you live with? \_\_\_\_\_

How many people do you live with? \_\_\_\_\_

Who owns the accommodation that you live in? \_\_\_\_\_

Has there ever been any other CSR research conducted in the company? \_\_\_\_\_

If "YES" when and by who? \_\_\_\_\_

What were the major findings of their research?  
\_\_\_\_\_

DIRECTIONS: here are some **statements** with which you may **agree or disagree**. Using the 1-5 scale below, indicate your opinion of each item by marking with an **X** the appropriate number in the chosen block following that item. Please be open and honest in your responding.

**1 = Strongly Disagree** (If you believe the statement almost never applies to the company)

**2 = Disagree** (If you believe the statement does not really apply to the company)

**3 = neither Agree or Disagree** (Not sure if the statement applies or not)

**4 = Agree** (The statement applies to the company in some degree)

**5 = Strongly Agree** (The statement is highly applicable to the company)

		1	2	3	4	5
	<b>Land</b>					
1	Community members are aware of the land rights compensation from the mining company					
2	All communities benefit from the royalties					
3	Community members are happy with the negotiated royalties					
	<b>Health</b>					
4	The company is concerned with the health of community members beyond the needs of their employees					
5	The company contributes to the health care service provisions of the spouses and children of their employees					
6	The company contributes to the health care services provisions of the spouses children of contract workers					
7	The company contributes positively to the health care infrastructure in the communities					
8	The company activities contribute negatively to the health care infrastructure					
9	The company works in collaboration with the government and civil society in setting up health care provisions for the community					
10	Community members have access to health care services in terms of location					
11	Community members have access to health care services in terms of service provisions (sufficient number of health care professionals)					
12	Community members have access to health care services in terms of appropriate service provisions (mental health therapies, physical services and alternative therapy)					

		1	2	3	4	5
	<b>HIV/AIDS</b>					
13	The company activities contribute to the high incidence of HIV/AIDS in the area					
14	The company is actively involved in the HIV/AIDS awareness campaigns in an appropriate and sensitive way					
15	HIV/AIDS awareness programs are not confined to company employees only					
16	The company contributes sufficiently to the supply and distribution of ARV					
17	The company works in collaboration with government, civil society and community members towards the combat of the HIV/AIDS epidemic in the mining communities					
	<b>Environment</b>					
18	The dignity, culture and human rights of community members are negatively affected by the activities of the mining company					
19	Community members have sufficient knowledge of environmental impact issues to participate/negotiate in effective discussions and make informed decisions with the mining company					
20	The company ensures that community members have a good understanding of environmental impact issues, by funding Environmental Impact courses for community members prior to entering negotiations with community members					
21	The mining company involves all community groups in setting up					



	its environmental impact policy					
22	We trust the environmental impact audit undertaken on the company's activities					
23	The mining company publishes the latest environmental impact reports in non-technical language					
24	The mining company publishes the latest environmental impact reports in the major languages used in the communities					
25	The mining company takes account of the short, medium, and long term environmental impact of their mining activities					
26	The mining company have plans for the short, medium, and long term environmental impact of their mining activities					
27	We are aware of the mining company's short, medium and long term remedial plans for the environmental impact due to the company's activities					
28	The company's closure plans include plans for the environment					
29	The community members are aware of the budget set aside for environment impact audits as well as remedial activities					
30	The company values the health and safety of community members with equal weight to that put on profits					
31	The company activities make us ill					

		1	2	3	4	5
	<b>Housing/Infrastructure</b>					
32	The mining company's activities contribute negatively to the infrastructure in the communities					
33	The mining company's activities contribute positively to the infrastructure in the communities					
34	The company in collaboration with other stakeholders is involved in developing adequate social activities that are accessible to all local community members (in terms of location and cost)					
35	Mining activities have resulted in increased antisocial activities in the communities					
36	The mine is sufficiently actively involved in the education/ that can be visibly observed					
37	The mining company is actively involved in improving the sustainable training infrastructure in the communities					
38	Community members are happy with the consultation process in the setting up of community development priorities					
39	The company and communities have the same community development priorities					
	Employment					
40	The company is committed that local community members have equal access to employment in the mining company					
41	The company ensures equal access for community members by providing training programs relevant to most positions in the company within the communities					
42	The training offered by the company to community members is transferable to other organisations (The company offers accredited training)					
43	The company has a good knowledge about the training needs of community members					
44	The company advertises vacancies where all community members have access					
45	The company is committed to ensure that possible fraud in recruitment practices are eradicated					

46	The company works within the government legislation when recruiting people from vulnerable groups					
47	The company does not discriminate against any community groups in its recruitment policies (eg gender, age disability, migrant allowed to work)					
48	The company does not discriminate against the needs of any community groups in its recruitment and employment practices (eg gender, age disability, migrant allowed to work)					
	<b>Commitment</b>					
49	The company's actions demonstrate a commitment to help solve problems in the communities					
50	The company is committed to working together with communities to address pressing issues					

		1	2	3	4	5
	<b>Empowerment</b>					
51	The development projects that the company embarks on empower communities to solve their own problems and work towards their own destiny					
52	The company's approach to developmental projects in the communities is to enhance the factors that shape the abilities of community members to realise their full potential over time					
	<b>General visibility of management</b>					
53	Senior management attend meetings with community members on a regular basis					
54	Company management attend these meetings because they want to get first hand experience of what community members have to deal with on a daily basis					
	<b>Transparency</b>					
55	The company genuinely wants to share information and agendas with community members					
56	We experience the company as open and honest in its communication with us.					
	<b>Coordination of projects</b>					
57	Development projects set up by the company integrate with the strategies of other stakeholders					
58	The mining company works in collaboration with local government and other stakeholders to ensure the sustainability of the development projects					
59	The mining company works in consultation with communities in setting up its plans and strategies for community development projects					
	<b>Control Mutuality</b>					
60	The nature of the relationship between the company and communities is one of partnership where both parties have equal control of the relationship					
	<b>Corporate Citizenship</b>					
61	The company sees itself as part of the local communities					
	<b>Sustainable Development</b>					
62	The company works towards sustainable development in the region					
63	The developments that the company is involved in will continue to thrive even after the mine closes down					
	<b>Amount of information received</b>					
64	The company provides sufficient information to community members when communicating with the communities					
	<b>Timeliness</b>					
65	The information received from the company is in time for the community members to react before deadlines or happenings on					

	which action should be taken					
	Information flow/Two way communication/ <b>Feedback</b>					
<b>66</b>	Feedback from the company on issues raised by the community is received in satisfactory time.					

		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Style/Symmetry/reciprocity</b>					
<b>67</b>	Communication with the company is balanced in that there is opportunity to participate as equal partners in the communication process					
<b>68</b>	Communication with the company is clear and user friendly. Technical language is always simplified					
<b>69</b>	Communication between the company and the communities takes account of the different languages in the communities					
	<b>Credibility/trustworthiness</b>					
<b>70</b>	Communities are aware of the communication channels with the company					
<b>71</b>	Community members feel that they are sufficiently empowered to influence decisions in their interactions with the company					
<b>72</b>	Communities have access to influencing the communication channels/media used and arranged within the mining environment such as the newsletters, newspapers, meetings etc					
<b>73</b>	The communities have equal control with the company to decide what issues are addressed and important for discussion with the mining communities					
<b>74</b>	The frequency of communication between the company and community members is appropriately frequent to suit the needs of the issues to be dealt with					
<b>75</b>	The location of meetings between the company and the company are convenient for community members					

## APPENDIX C: INDIVIDUALS AND GROUPS INTERVIEWED

### – Contacts and sources of information West Coast

#### **Department of Minerals and Energy**

Bontle Mafuna, Chief Director: Communications, Department of Minerals and Energy, Tel: 012 317 8185, Cell: 082 806 1394, Email: [bontle.mafuna@dme.gov.za](mailto:bontle.mafuna@dme.gov.za)

#### **De Beers**

Sakhile Ngcobo, Head of Public and Corporate Affairs, De Beers South Africa, Tel: 011 374 7974. Cell: 082 773 2388 Email: [sakhile.ngcobo@debeersgroup.com](mailto:sakhile.ngcobo@debeersgroup.com) (secretary: Lewellen). CSR Manager, Tracy Petersen, 0113747388, [tracey.peterson@debeers.com](mailto:tracey.peterson@debeers.com)  
Mr Gilbert – Marine mining engineer

#### **Alexkor**

Geoff Davis (Alexkor), Alexanderbay, Switchboard 027 8311 330, Fax: 027 8311 364, [geoffd@alexkor.co.za](mailto:geoffd@alexkor.co.za)

**Transhex** : Marine Diamonds and Honnekclip Bay. [Leanep@transhex.co.za](mailto:Leanep@transhex.co.za)

George Zacharias, Company Secretary tel: 021 9372011 and 021 9372100.

#### **Eksteenfontein**

- Antie Monica, Posbus 20, Eksteenfontein, 8284
- Mario (community information center)
- Volenti van der Westhuizen (community information center)
- Wiebhe Hanke, German Environmentalist Richtersveld [wiemais@yahoo.de](mailto:wiemais@yahoo.de) / [w.hanke@biota-africa.org](mailto:w.hanke@biota-africa.org)
- Janne Weber, German Environmentalist, Richtersveld, [janne.weber@gmx.de](mailto:janne.weber@gmx.de)
- Peter Carrick and Susan Botha Plant Conservation Unit UCT. [peter.carrick@uct.ac.za](mailto:peter.carrick@uct.ac.za)
- Owen Weiler, Pembroke College
- David Thompson, Cambridge university
- Ross C Johnstone, CB21RF, UK
- Lawrence Yates, England, [lyates2004@hotmail.com](mailto:lyates2004@hotmail.com)
- Autonia Oiw, Austria
- Werner Bauer, Austria

#### **Alexander Bay**

- 4 sub-contractors that never showed, who were unhappy because they were not paid yet by Alexkor
- 3 girls that we gave a lift who complained about the conflict situation between the Port Nolloth community and the Richtersveld community. Employees Alexkor.

- Karel (private concessions on the sea) 082 922 3542
- Gaven Kryton 027 831 2323
- Piet Cloete 082 8013698 (fax) 027 8311364, Alexkor
- Peter (library) 027 8311424, Alexkor
- Paul van Wyk, sub-contractor Alexkor
- Mr. Geoff Davis (CEO, Alexkor) 082 563 2661

#### **Port Nolloth**

- Adri Nelson (manager DeBeers group services) 027 851 8654

#### **Hondeklip Bay**

- At, Elize and Ninette Hough 027 692 3041 (fax) 088 027 692 3041, [dog@hondeklip.co.za](mailto:dog@hondeklip.co.za). Ninette is a community activist.
- Rob and Dawn Meintjes 076 430 8300, [skulpieskraal@mweb.co.za](mailto:skulpieskraal@mweb.co.za). Rob is a concerned resident.
- Mannie Louw 071 6767813, Posbus 790, Velddrift, Pos bus 314, Stompneusbaai, (fax) 027 2151611, Hoofweg 26, Hondeklipbaai. Mannie is a sub-contractor.
- Louis Lewis (tel/fax) 027 692 3078, (cell) 082 575 1995. Louis is a subcontractor.
- Oom Jan is a subcontractor.
- Tienkie (shop) 027 692 3026. Shopowner
- Metro Filton, Hondeklipbaai Empowerment Livelihood Project (HELP) 073 7475 960. Community leader and activist.
- Mev E Saal (municipality) (tel/fax) 027 692 3066, Hondeklipbaai dienspunt, Kamiesberg minisipaliteit, Posbus 38 Hondeklipbaai 8222. Local government official.
- Jena Clark
- Margaret Williams (Diamante fonds, Springbok)
- Jannie Vermeulen 083 9407557, pulse jig, Doringbaai. Sub-contractor
- Chris Wilson 082 491 2384

#### **Kleinzee**

- Tour guide and driver
- Couple also on the tour
- Pricilla Smit (tourism coordinator) 027 807 2999

#### **Garies**

- Mr. Klaase (security at hospital), Retrenched De Beers Mine Worker and NUM Shopsteward.
- Mr. Fannie van der Westhuizen
- Mr. Williams, Garies Inwoners Vereeniging (GIV) ANC Councillor
- Mev Lindvelt (matron)
- Dr Romero (HIV/AIDS coordinator Namaqualand district) Cuban Doctor.
- Gert Maarman (municipal manager) (fax) 027 652 8001, (tel) 027 652 8000, [gertm@kamiesberg.co.za](mailto:gertm@kamiesberg.co.za)
- Mev Cloete (municipality)