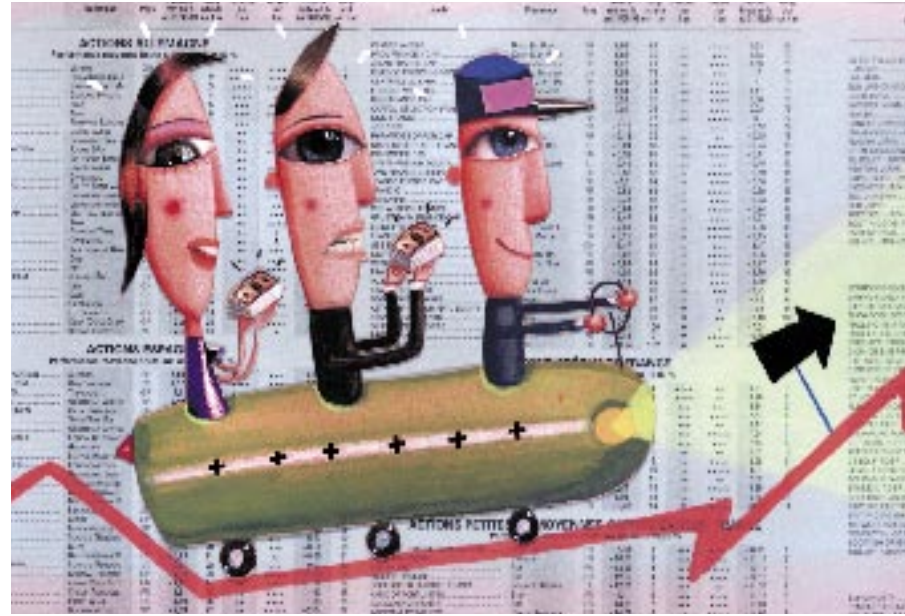


THE  
GOOD GUYS

# SA'S MOST SUSTAINABLE COMPANIES



Some might argue that there is no such thing as a 'sustainable corporation'. Arguably they might have a point, but let's not be defeatist. There is inspiration in what some companies are doing and a number of international and local rating agency indexes to judge them by. WORDS: JONATHAN HANKS

**S**USTAINABILITY ASSET MANAGEMENT (SAM) TOGETHER with Dow Jones Indexes and STOXX runs a series of sustainability indexes that track the performance of companies seen to be industry leaders in sustainability. Only four South African companies are currently listed on the index – African Bank Investments, Investec, Nedbank Group and Bidvest Group.

Another verdict on who's leading the way is that of Innovest Strategic Value Advisors who assess the performance and strategic positioning of companies, using over 120 factors that are not captured by traditional, accounting-driven analysis. Since 2006, Innovest has been identifying The Global 100 Most Sustainable Corporations in the World, the results of which are announced each year at the World Economic Forum meeting in Davos. No South African companies are currently included on this list.

The JSE Socially Responsible Investment (SRI) index, launched in May 2004, is the closest local equivalent to these initiatives. It is constituted from companies that form part of the FTSE/JSE All Share Index that choose to participate in the SRI Index process, and that meet the criteria. Anglo American plc and Anglo Platinum top the high environmental impact category; and Edgars Consolidated Stores and Liberty Life top each of the two lesser environmental impact categories.

Another indicator – or proxy indicator – of the leading sustainability companies is the results of the annual sustainability reporting awards administered separately by the Association of Chartered Certified Accountants (ACCA) – who put Anglo Platinum at the top – and by Ernst and Young who have Sasol in first place and Anglo Platinum in second.

A global assessment and ranking of sustainability reporting practices is undertaken every two years by SustainAbility and UNEP, in which some South African companies have performed well, with Anglo Platinum

## The Global 100 Most Sustainable Corporations in the World

**The Global 100** is a list of publicly-traded, MSCI world-listed companies that are assessed as having the best developed abilities, relative to their industry peers, to manage their environmental, social and governance risks and opportunities. This assessment is based on research and analysis by Innovest Strategic Value Advisors, using an Intangible Value Assessment (IVA) methodology that balances the companies' social and environmental risks with an assessment of their managerial and financial capacity to manage the risk successfully. A full list of these companies is provided at [www.global100.org](http://www.global100.org). No South African companies are included on this list.

## The Dow Jones Sustainability World Index 2006/2007 (31.12.06)

Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide.

Their Sustainability World Index (DJSI World) comprises more than 300 companies that represent the top 10% in each sector of leading sustainability companies out of the largest 2500 companies in the Dow Jones World Index. Only four South African domiciled companies are listed on the latest DJSI World:

- African Bank Investments Ltd.
- Investec Ltd.
- Nedbank Group Ltd.
- Bidvest Group Ltd.



coming in at a global number four (see article by Matt Loose). Although these awards focus on a company's reporting practices, rather than specifically on its sustainability performance, there is often a clear link between transparent reporting and improved performance.

Perhaps unsurprisingly, public opinion does not tally with the opinions of the experts. The latest Markinor Top Brands Survey asked 3,488 respondents in both rural and urban areas, as well as 400 director-level respondents, which companies they thought had "done most for community upliftment". Their answer? Coca Cola and Nike, hands down. While 'community upliftment' is not a direct substitute for sustainability, the findings of this survey tell us two important things: firstly, who South Africans think are the 'good guys'; and secondly, that there is a confusion between a company's philanthropic gestures and the social contribution of its core business activities - a dangerous misunderstanding that arguably still persists among a number of current 'leaders' in the business community.

The danger with many of these rating systems is that they often reward those companies who have adopted a compliance mindset, rather than the challenging mavericks and innovators who question existing business models. There are many companies, for instance, who have simply ticked-the-boxes to ensure their listing on the JSE SRI, failing to appreciate the exciting - but often less obvious - opportunities for value creation associated with the sustainability agenda. Furthermore, most of these companies, by definition, operate within the constraints imposed on publicly listed companies, where the pressure for short-term results may impede the delivery of more innovative longer-term performance.

Who then is SA's most sustainable company? If these rating systems are to be believed, Anglo Platinum takes this accolade. Less pleasing for this company is that it is also the winner of the 'Grim Reaper Floating Trophy' in the 2006 Corpse Awards for Worst Corporate Practice on Environmental and Human Rights, administered by the environmental activist organisation groundWork. You decide. █

### ▶ ACCA South Africa Awards - 2006

- **Best Sustainability Report** - Anglo Platinum Corporation Ltd
- **1st Runner up** - Spier
- **Joint 2nd Runner up** - African Bank Investments Ltd
- **Joint 2nd Runner up** - Sasol
- **Best improved report** - Woolworths Holdings Ltd
- **Best newcomer** - Massmart Holdings

### ▶ The JSE SRI Index (25.05.06)

The JSE launched the SRI Index in South Africa in May 2004, as a means to identify those companies listed on the JSE that integrate the principles of the triple bottom line into their business activities, and to facilitate investment in such companies.

#### ▶ High environmental impact

Of the 30 high impact companies that qualified, the top six ranked, in alphabetical order are:

- Anglo American plc \*
- Anglo American Platinum Corp Limited \*
- Impala Platinum Holdings Limited
- Oceana Group Limited
- Sasol Limited
- The Tongaat-Hulett Group Limited

#### ▶ Medium environmental impact

Of the 13 medium impact companies that qualified, the top four ranked in alphabetical order are:

- Edgars Consolidated Stores Limited
- Medi-Clinic Corporation Limited
- Telkom SA Ltd
- Woolworths Holdings Limited \*

#### ▶ Low environmental impact

Of the 15 low impact companies that qualified, the top three, ranked in alphabetical order, are:

- Liberty Group Limited
- Nedbank Group Limited \*
- Remgro Limited

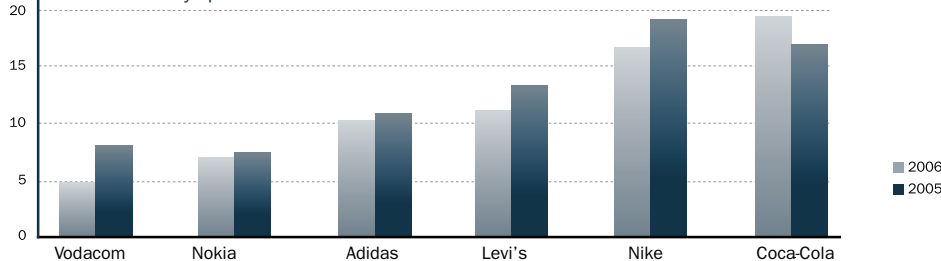
\* top performer in each of the impact categories

### ▶ Ernst & Young Excellence in Sustainability Reporting - 2006

- **1st** - Sasol
- **2nd** - Anglo American Platinum Corporation
- **3rd** - The Bidvest Group
- **4th** - BHP Billiton
- **5th** - Kumba Resources

### ▶ Markinor Top Brands Survey 2006

Company operating in South Africa that has done the most for community upliftment



### ▶ Tomorrow's Value

#### The Global Reporters 2006 Survey of Corporate Sustainability Reporting

Rank in order from 1 to 50

|    |                                 |
|----|---------------------------------|
| 1  | BT                              |
| 2  | Co-operative Financial Services |
| 3  | BP                              |
| 4  | Anglo Platinum                  |
| 4  | Rabobank                        |
| 6  | Unilever                        |
| 7  | MTR                             |
| 7  | Vodafone                        |
| 9  | Shell Group                     |
| 10 | Nike                            |
| 10 | Novo Nordisk                    |
| 12 | ABN AMRO Real                   |
| 12 | BHP Billiton                    |
| 12 | Philips                         |
| 15 | ABN AMRO                        |
| 15 | HP                              |
| 17 | Anglo American                  |
| 17 | GSK                             |
| 17 | Rio Tinto                       |
| 17 | Westpac Banking                 |
| 21 | adidas Group                    |
| 21 | British American Tobacco        |
| 21 | Kesko                           |
| 21 | Watercare Services              |
| 25 | Ford                            |
| 25 | General Electric                |
| 25 | Natura                          |
| 25 | Statoil                         |
| 29 | Lafarge                         |
| 30 | Mecu                            |
| 31 | BAA                             |
| 31 | Veolia Environnement            |
| 33 | PotashCorp                      |
| 34 | BBVA                            |
| 34 | Daiwa Securities Group          |
| 34 | DSM                             |
| 34 | Gap                             |
| 34 | SAS                             |
| 39 | Migros                          |
| 39 | Vancity                         |
| 41 | Suez                            |
| 42 | Enel                            |
| 42 | Henkel                          |
| 44 | Nedbank Group                   |
| 45 | Fuji Photo Film                 |
| 46 | Sony                            |
| 47 | KarstadtQuelle                  |
| 48 | Seven and I Holdings            |
| 49 | Nissan Motor                    |
| 50 | Telus                           |



# Are there **CORPORATE PSYCHOPATHS** in South Africa?

“ There is not an industrial company out there anywhere in the world – not mine, not yours – that is sustainable. I stand convicted by me myself alone, not by anyone else, as a plunderer of the Earth, but not by our civilisation’s definition. By that definition, I am a Captain of Industry, in the eyes of many, a kind of modern day hero.

Ray Anderson, founder and chairman of Interface Inc, the world’s largest carpet manufacturing company, in *The Corporation* by Joel Bakan.

A VARIATION ON AN MBA joke is: “How do you know a corporation is a ‘good citizen?’” Answer: “They tell you, loud and clear.” The ‘bad apples’ – whom, if Bakan is to be believed, might even be the same so-called ‘good citizens’ – aren’t as helpful and need to be rooted out by activist organisations, shareholder activists, lobbyists and investigative teams.

Here are a few views, starting with the environmental activist organisation groundWork’s Corpse Award for Worst Corporate Practice on Environmental and Human Rights. Not surprisingly, mining and petrochemical companies feature highly in their assessment of least sustainable companies, including some of those companies that score well in local and international reporting awards and sustainability rating schemes.

Picking up on that theme, we peek into a report on the mining sector for the Bench Marks Foundation by David van Wyk; ask shareholder activist Theo Botha for his thoughts on the recent goings on in the corporate sector; and invite Earth Life Africa’s Richard Worthington’s environmental perspective.

We set out explicitly not to name the companies, but rather to focus on the types of behaviour that they think might fit the profile of a psychopath and could be cause for concern. There seem to be too many flies on all of us to get into the serious naming game. However, Richard Worthington thinks one South African parastatal, Eskom, behaves no differently to a ‘psychopathic’ modern corporation and he insists on nailing his colours to the mast. We have given him his soapbox and Eskom the right of reply.



# THE CORPSE AWARDS

For Worst Corporate Practice on Environmental and Human Rights

WORDS: MONICA GRAAFF

**The Corpse Awards are administered by the environmental activist organisation groundWork and the Centre for Civil Society at the University of KwaZulu-Natal, and handed out by a master of ceremonies dressed up as the Grim Reaper at an annual event in Durban.**

The awards recognise worst corporate practice in producing environmental injustice – corporate malfeasance, greenwash and ‘captive regulation’ by a compliant government.

Nominations for these tongue-in-cheek awards come from aggrieved workers, ‘fenceline’ communities living next door to polluting plants, and civil society organisations concerned about people’s health and environments. Many winners boast a stellar commitment to Corporate Social Responsibility and the environment, but they have not, apparently, convinced their neighbours and employees. Government departments which allegedly facilitate environmental injustice are cast as supporting actors.

## Grim Reaper Floating Trophy award

**GOES TO: Anglo Platinum**

AngloPlats was nominated by the Mapela community near Mokopane, the Maandagshoek community near Brugersfort, and residents of five small villages who were relocated to Magobading, for “removing communities from their ancestral land, stealing people’s resources and gagging resistance”. The mining company brought an urgent interim interdict against the communities’ legal representative, Richard Spoor, to prevent him from “defaming” it as a “racist, thug and bully”. This was dismissed earlier this year, but the company is proceeding against Spoor with a R3.5 million civil claim.

## Privatising Public Participation award

**GOES TO: Engen Oil Refinery on the Durban Bluff**

Engen was nominated by the South Durban Community Environmental Alliance for “privatising” governance, by claiming that “public meetings are not a constructive method of public participation” in the Environmental Impact Assessment process. Complaints arose about Engen’s increasing use of hydrofluoric acid after it was found to have exceeded the air pollution health guideline values on more than 400 occasions over the past two years. The supporting actor was KZN’s DAEA.

## Picking the Public Pocket award

**GOES TO: Paladin Resources**

Australian uranium mining company Paladin gained unusually lucrative deals to mine uranium in Malawi, against the wishes of a range of civil organisations.

## Do you Think We’re Stupid award

**GOES TO: South Africa’s cement industry**

The industry was assured recognition when it launched “a grand frontal attack on the brains of politicians”, claiming environmental benefits in the incineration of hazardous waste from energy-intensive industries, termed an ‘alternative fuel’. The industry will reap lucrative contracts upgrading and building huge stadiums for the 2010 World Cup.

## Smoked Out at Last award

**GOES TO: Chevron Oil Refinery (Caltex) in Cape Town**

Caltex was nominated by the Table View Residents’ Association for “arrogance” and for allegedly “continuing to pollute because their permit allows them”, though air samples have picked up high levels of benzene and other chemicals. **Deputy President Phumzile Mlambo-Ngcuka** received a **Supporting Actress Award** for explicitly supporting the refinery at a recent anniversary celebration.

## Mangling the Workers award

**GOES TO: Samancor Manganese Pty Limited in the Vaal Triangle**

Samancor, jointly owned by Anglo and BHP Billiton, was nominated by the company’s Retrenched Workers Crisis Committee, for poisoning hundreds of employees with manganese, leading to approximately 100 deaths. Supporting actors are Samancor’s manganese customer Mittal Steel, as well as the National Centre for Occupational Health, a regulator which the workers say is asleep at the wheel.

## Loot the Minerals and Bloodstain the Soil award

**GOES TO: AngloGold Ashanti in Carletonville, the DRC, Ghana and Colombia**

AngloGold Ashanti was nominated by mining communities around Carletonville’s Tautona mine (for “unrelenting fatalities”) and in several other Third World sites. Critics slate the firm’s alliances with Mongbwalu warlords in the Eastern Congo, security forces in Ghana’s Obuasi mine, and the Colombian Army which attacks peasants and small-scale miners.

## Baying For Your Rice award

**GOES TO: Bayer Cropscience**

Bayer won for bankrolling the SA Sugar-cane Research Institution’s tests of GM sugar varieties even though civil society protest forced Bayer to cancel trials in the UK, withdraw plans to commercialise GM canola in Australia, and abandon research in India which would “illegally contaminate the world’s rice supply”.

## “It Wasn’t Me” award

**GOES TO: Pietermaritzburg oil refinery FFS Refiners**

FFS threatened ‘Maritzburg-based groundWork with legal action for calling it “one of the bad boys of pollution”. Air samples taken outside the facility indicate the presence of benzene, p-xylene, hydrogen sulphide, toluene, ethyl benzene, xylene, methyl ethyl ketone, tetrachloroethane, and styrene. Residents have complained about “dirty oily petrol chemical smells” from the toxic site for over a decade. **The national Department of Environmental Affairs and Tourism** received a **Supporting Actor Award**, for refusing to meet residents to hear their concerns. The provincial KwaZulu-Natal Department of Agriculture and Environmental Affairs also got a **Supporting Actor Award** for granting the refinery a positive Record of Decision on its development. **II**

[1] **groundWork** is an environmental justice organisation working with community people from around South and Southern Africa on environmental justice and human rights issues focusing on Air Pollution, Waste and Corporate Abuse. **groundWork** is the South African chapter of Friends of the Earth International (FoEI), the world environmental justice federation campaigning to protect the environment and to create sustainable societies and is a member of Oilwatch Africa. [www.groundwork.org.za](http://www.groundwork.org.za)

[2] **The Centre for Civil Society** is based at the University of KwaZulu-Natal School of Development Studies: [www.ukzn.ac.za/ccs](http://www.ukzn.ac.za/ccs). Its objective is to advance socio-economic and environmental justice by developing critical knowledge about, for and in dialogue with civil society, through teaching, research and publishing.