



198 Broadway • New York, N.Y. 10038 • (212) 962-1210

Tilden J. LeMelle, *Chairman*
Jennifer Davis, *Executive Director*

January 24, 1994

Dear Friend,

Truly, the times they are a changing.

This April millions of South Africans will vote for a government of their choice in that country's first ever non-racial election. The establishment of an apartheid-free democratic government opens the way for a new future for millions of South Africans.

This historic moment presents new challenges for the powerful anti-apartheid coalition in which you played a critical part. The coalition of U.S. cities, states, universities, unions, religious and community groups that successfully used its economic power, via a policy of sanctions and divestment, to defeat apartheid has a unique opportunity to make sure that the benefits of victory and the fruits of democracy are shared by all South Africans, and not just a privileged few.

Economic justice will not come easily to South Africa. Apartheid enriched the white minority and impoverished the Black majority. Under apartheid Blacks were removed from their land, denied the right to form businesses, excluded from many jobs and provided inadequate education. As you end your sanctions, U.S. investors, including states and cities, can demonstrate an ongoing commitment to justice in South Africa by adopting new policies and programs to help overcome apartheid's legacy.

Many states and cities have already responded to ANC President Nelson Mandela's call for the lifting of sanctions. Connecticut, Massachusetts, Minnesota and Virginia and more than 40 cities have repealed their sanctions, along with a growing number of religious institutions, colleges and universities. Some U.S. investors have also begun to implement policies which will encourage U.S. companies to adopt socially responsible business practices aimed at overcoming the legacy of apartheid. U.S. companies already operating or initiating investment in South Africa are being encouraged to actively pursue practices incorporating affirmative action, Black training and equality of opportunity.

• Massachusetts, in its bill lifting state pension fund restrictions on investment in companies doing business in South Africa, establishes a new policy encouraging investment in

companies that adopt socially responsible policies. Washington, D.C. has adopted a similar resolution.

- U.S. religious investors have introduced shareholder resolutions at over twenty U.S. companies urging them to implement the Code of Conduct for Businesses Operating in South Africa adopted by the South African Council of Churches last July. States, cities and other investors can vote in favor of these resolutions.

- In addition to ensuring that U.S. corporations in South Africa operate in ways that actively overcome the legacy of apartheid U.S. investors can also target investments directly into South Africa in ways that promote economic justice and social reconstruction.

In October the ANC Department of Economic Planning issued a foreign indirect investment platform that encouraged investment in South African companies that have demonstrated a high level of social responsibility. It also set out guidelines for investment in bonds which fund infrastructure development in deprived communities. Such investment would be directed toward specific projects like water supply, electrification and housing.

At least two targeted investment opportunities should soon be available to U.S. investors:

A housing bond which will help finance affordable housing and will have South African market rate of return.

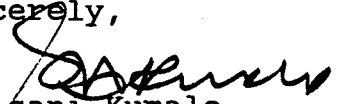
A socially responsible mutual fund which will invest in South African companies using a combination of standard financial and social criteria. It will also invest in social reconstruction project bonds.

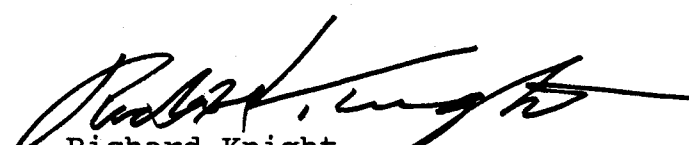
You played a critical role in ending the flow of U.S. dollars to apartheid. Now you can play an equally vital role in the future by securing a flow of U.S. investment that actively seeks to engage in the construction of democracy and economic justice in South Africa.

By encouraging socially responsible and targeted investment aimed at development, U.S. investors can play an important role in helping to overcome the legacy of apartheid.

Please contact us if you need more information on any of these issues and keep us informed as you develop your new S.A. investment policies.

Sincerely,


Dumisani Kumalo
Projects Director


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Research Associate



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Cities that have already lifted
their sanctions as of January 17, 1994

Amherst, MD
Austin, TX
Baltimore, MD
Berkeley, CA*
Boston, MA
Boulder, CO
College Park, MD
Dallas, TX
Des Moines, IA
East Lansing, MI
Fort Collins, CO
Fort Worth, TX
Gainesville, FL
Gary, IN
Grand Rapids, MI
Hartford, CT
Houston, TX
Jersey City, NJ
Kansas City, KS
Kansas City, MO
Los Angeles, CA
Middletown, CT

Newton, MA
New Haven, CT
New York, NY
Oakland, CA
Omaha, NB
Richmond, CA
Richmond, VA
Sacramento, CA
San Jose, CA
Santa Barbara, CA
Seattle, WA
St. Paul, MN
Takoma Park, MD
Tallahassee, FL
Topeka, KS
Tucson, AZ
Washington, DC
Watertown, MA
Watsonville, CA
West Hollywood, CA
Wilmington, DE
Wichita, KS

Count = 44

This list includes those cities which The Africa Fund has confirmed have lifted their sanctions. A few other cities may also have lifted their sanctions. The Africa Fund appreciates receiving update information on your city.

* Berkeley retains a policy restricting deposits in banks that makes loans to South Africa, which was adopted in 1979 by voter referendum. This can only be lifted by another voter referendum.

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Tilden J. LeMelle, Chairman
Jennifer Davis, Executive Director

Code of Conduct for Businesses Operating in South Africa

Adopted by the National Conference of the
South African Council of Churches
July 1993

Introduction

The apartheid system has historically burdened South Africa with gross economic distortions, stagnation, secrecy, severe discrimination and natural devastation. It has deprived the country's workers, communities and environment of the fundamental rights written into international conventions and upheld in other countries.

In order to reverse this crippling legacy and to improve the economic wellbeing of all South Africans, investment by both South African and multinational companies needs to be reshaped for an equitable, democratic and life-enhancing society.

It is out of this grave concern and motivation based on ethical and religious considerations that the South African Council of Churches, meeting in conference on 8 July 1993, takes this initiative to introduce and support this Code of Conduct. The Code outlines ways in which business can play a constructive and creative role in partnership with workers, communities and other members of civil society to lay the economic foundations for a stable and prosperous South Africa.

While these standards are also expected to inform the policies of a democratically elected government, in the interim, they are designed to apply to companies operating in South Africa.

Components of the Code

Equal Opportunity

Companies should ensure that their operations are free from discrimination based on race, sex, religion, political opinion or physical handicap, and implement affirmative action programs designed to protect the equal rights and just treatment of the historically disadvantaged.

Training and Education

Companies should develop and implement training and education programs to increase the productive capacities of their South African employees in consultation with the trade union movement.

Workers' Rights

Companies should recognize representative unions and uphold their employees' rights to organize openly, bargain collectively, picket peacefully and strike without intimidation or harassment.

Working and Living Conditions

Companies should maintain safe and healthy work environments and strive to ensure that the working and living conditions they provide accord with relevant international conventions.

Job Creation and Security

Companies should strive to maintain productive employment opportunities and create new jobs for South Africans.

Community Relations

Companies should share information about their practices and projected plans with communities affected by their operations, and develop social responsibility programs in ongoing consultation with representative bodies in these communities.

Consumer Protection

Companies should inform consumers of any possible dangers associated with their products and co-operate with consumer protection and broader community organizations to develop and uphold appropriate product safety and quality standards.

Environmental Protection

Companies should utilize environmentally sound practices and technologies, disclose how and in what amounts they dispose of their waste products, and seek to minimize hazardous waste.

Empowerment of Black Business

Companies should strive to improve the development of black-owned South African businesses by purchasing from and subcontracting to such firms.

Implementation

Companies should co-operate with monitors established to implement these standards by disclosing relevant information in a timely fashion.