

FREQUENTLY ASKED QUESTIONS ABOUT SOMKHELE



ABOUT THE OPERATION

Q What is the current status of the mine and how do communities benefit?

A The mine started operations 14 years ago and we currently employ 1,600 people. Given that the unemployment rate in the area is 90%, the mine is the centre of economic activity. Together with local communities, we have carried out numerous social infrastructure investments and procure goods and services from 70 local businesses employing 400 people.

Q What activities take place at Somkhele mine?

A The mine extracts a coal known as anthracite, which is typically low in Sulphur and volatile matter. This coal is used as a reductant in the Ferrochrome and Ferromanganese industries due to its high carbon content and is generally viewed as a cleaner burning fuel when burnt. Anthracite is very different to the coal used by power stations, i.e. Eskom which is called bituminous coal.

IMPACT ON THE ENVIRONMENT

Q Did Somkhele obtain the necessary environmental authorisations lawfully?

A We believe we followed all necessary legal and other processes. This view was supported by the High Court in its judgement delivered on 20 October 2018.

As is required, we have an Environmental Management Plan in place which is deemed to be an Environmental Authorisation under the National Environmental Management Act (NEMA).

Q How does Somkhele approach environmental management?

A We take compliance to environmental regulations very seriously. As such, we fully comply with the requirements outlined in:

- the Mine Health and Safety Act
- our Environmental Management Plan which was approved with our Mining Rights by the Department of Mineral Resources and Energy
- our Water Use Licences approved and regulated by the Department of Human Settlements, Water and Sanitation.

Extensive measures are in place to manage the environmental footprint and impact of our operations. These measures are monitored regularly by third party specialists to determine whether the mine is compliant. Since 2006, our operations have been found to be fully compliant.

In addition, our mine is regularly audited by the regulators and we have never been found to be polluting the area. And we provide the results of monitoring to community representatives.

Q Is Somkhele's activities negatively impacting the availability of water in the area?

A The provision of water is the responsibility of the Umkhanyakude District Municipality. That said, we assist where we are able to do so. This takes the form of providing pumps to pump water from the river, and tanks to store the water. The municipality uses the tanks supplied by us to supply water to the community. In total, we provide water to around 5,000 people every month.

Independent studies carried out by the Umkhanyakude District Municipality indicate that our mine uses less than 1.5% of available water while agriculture activities such as sugar cane farms use around 54%.

In terms of water quality, third party water monitoring systems have been monitoring ground and surface water since before mining started. We also sample and monitor the upstream and downstream surface water quality of the Mfolozi River.

Q Is the community affected by dust from your mine?

A 28 dust buckets are located around the mine which we use to monitor residential and non-residential areas. These are monitored by third party specialists and all results are evaluated in accordance to the guidelines outlined in the Environmental Authorisation under the National Environmental Management Act, the Air Quality Act, and National Dust Control Regulations.

We have been monitoring dust in and around our mine since 2008 and have always been found to be compliant.

Third party occupational hygienists on site monitor particulate matter on the mine and along the boundary of the mine fence and we are within the limits outlined by the Mine Health and Safety Act.

ABOUT RELOCATING MEMBERS OF THE COMMUNITY

Q Why do people need to be relocated?

A The existing mining areas of the mine have been depleted which means we need to expand into new areas. The mine will be forced to shut down completely after two years should it be unable to secure the new mining areas.

The closure of the mine would result in the loss of income directly and indirectly for 20,000 people and the loss of training and other benefits that our social investment provides for another 20,000 people in the area.

Q How many households have agreed to being relocated and what are you offering members of the community to relocate?

A So far, 128 households have agreed to be relocated while 17 have not. We don't believe it is in anyone's best interest that a small number of people should veto a project that serves the national interest and the interest of the vast majority of the members of the community, who are all in support of the mine.

The offer made to each family varies depending on the size of the household, graves and other assets such as crops. The mine also provides for an upset allowance, customary rituals and for moving costs. The minimum payment is R400,000 while the average to be paid is R750,000.

We remain committed to engage fairly and transparently with the 17 families that have so far refused to relocate about their concerns relating to relocation with the aim of negotiating fair compensation.

The ultimate goal is finding a balance between economic growth and fairness to the majority of people who support mining and those who don't.

Q In relocating members of the community, did you follow the IFC resettlement guidelines?

A We believe that the outcomes will be in line with the IFC guidelines – compensation amounts for each household that more than replaces the value of what is being given up, and new locations that provide at least as much economic opportunity and social value than what is being left behind.

Ultimately, we believe that the households will be better off than they were before.

ENGAGING WITH COMMUNITIES

Q How does Somkhele engage with the local community and how can community members lodge complaints and how do you address these?

A Since 2006, when operations first started, we have worked very hard to engage effectively with our communities and stakeholders.

In 2016, we developed a road map agreement in collaboration with the Department of Mineral Resources and Energy with the aim of establishing a single forum to engage all stakeholders. The agreement was signed in 2017 by Tendele and the Mathuba Municipality, labour unions AMCU and the NUM, NGOs, the Mpukunyoni Business Association which represents more than 150 local entrepreneurs and the Mpukunyoni Traditional Council.

We engage with all our stakeholders on various topics through this forum on a quarterly basis.

We encourage community members to raise any issues or concerns through the platforms and structures in place within the community so these may be raised by local leadership.

COMMUNITY TENSIONS

Q Do you take responsibility for the community tensions in the area?

A We condemn in the strongest possible terms and form of violence or intimidation. This is a complicated situation given that the agreements with almost 90% of households will not be valid if the small minority are not willing to settle. We will continue to do our utmost to deal with the situation sensitively and graciously. We ask that those who are opposing the mine and the relocation process to do the same, and engage with us, either directly or through mediation, to reach mutually acceptable agreements.