



SOCIAL AUDIT SUMMARY

KHUTSONG: HARMONY GOLD KUSASALETHU MINE 2022





INTRODUCTION

A social audit is a community led process whereby the cogency and implementation of commitments made by mining companies affecting communities is put to the test. A Social and Labour Plan (SLP) is a document that mining companies are required to submit to the Department of Mineral Resources and Energy (DMRE) as part of their application for mining rights. It outlines the manner in which the company aims to benefit communities affected

by their operations through the implementation of various projects. The purpose of the SLP, therefore, is to promote employment, advance social and economic welfare, contribute towards transforming the mining industry and ensure that mining companies contribute to the development of the areas where they operate. Social and labour plans are valid for a period of 4-5 years and once the SLP term passes then the mining company must have completed all of its projects and submit a new SLP to the DMR. Therefore,

a social audit that is carried out by the communities' monitors the extent to which a mining company has complied with the promises made in their Social and Labour Plan.

METHODOLOGY

The survey was conducted through a household questionnaire with closed and open-ended questions. The survey had a total number of 222 participants. The questionnaire was designed and followed by a training of community organisers who would conduct

What Harmony gold mine committed to undertake during the SLP years audited (2013-2017): Local economic development (LED)

Backlog projects:



MERAFONG DIGITAL HUB (2012-2014)

Commitment to providing computer training programmes for out of school youth and computer literacy training.

Budget: R1,200,000.



MERAFONG WASTE RECYCLE (2012-2014)

Commitment to creating waste recycling for the communities.

Budget: R3,000,000.



SMME DEVELOPMENT (2014)

Commitment to brand SMME stalls built by the Merafong Local Municipality.

Budget: R120,000.



NOOIDGEDACHT FARM SUPPORT (2014)

Commitment to install a windmill and fencing off the whole farm.

Budget: R1,294,000.

New projects:



MERAFONG EDUCATION INFRASTRUCTURE (2014-2017)

Commitment to provide additional educational infrastructure in the mining communities.

Budget: R5,000,000.



MERAFONG HEALTH INFRASTRUCTURE (2014-2017)

Commitment to provide additional health infrastructure in the mining communities.

Budget: R3,000,000.



DEELKRAAL COMMUNITY RENTAL UNITS

Commitment to developing the vacant Deelkraal hostel complex into a community rental project with all required amenities to sustain a vibrant community (556 1-3-bedroom flats, including a primary school amongst other amenities).

Budget: R1,800,000.

¹³ Harmony. (2022). 'Kusasaletu' accessed at <https://www.harmony.co.za/business/sa/kusasaletu>.



the household interviews. During the training, the community organisers had an opportunity to test the questionnaire and agree on ways to probe questions. The training, which was facilitated by AASA (Action Aid South Africa) and MWAO (MACUA WAMUA Advice Office), was also used to solicit the community views on what future inquiries would focus on. The training was

conducted from July 2020 to 17 August 2020 and data collection occurred specifically on 20 September 2020. Interviews were held in the households. After the fieldwork, a de-brief meeting was conducted where all data collectors discussed issues arising from the survey, challenges, and strategies for making future community inquiries more effective.

FINDINGS FROM THE SOCIAL AUDIT

Not all of the projects committed to by the mine were selected to be audited. As a result, the below undertakes a process of evaluating the level of knowledge and compliance around selected local economic development aspects and projects audited during the social audit.

Consultation

- 94.6% of the respondents did not know what SLP is, while only 9 (4.1%) respondents from the community did.
- 97.3% had never been consulted by the mine in relation to formulation of the SLP. Only 0.9% of the respondents noted ever having previously been consulted in this regard.
- Furthermore 96.8% of the respondents had never seen the SLP of Harmony Gold Kusasaletu Mine, while 1.4%

of the respondents had seen their SLP and noted that many of the projects therein had never been fulfilled.

Deelkraal Community Rental Units

- Only two people (0.9%) knew of this project.
- Physical verification by the Social Audit Team revealed that the rental units in Deelkraal did not exist.

Nooigedaght Farm Support

- Only one respondent (0.5%) knew of the project out of the 222 respondents, because they worked at the farm which was supported.
- Only two respondents (0.9%) knew of farmers who had benefited from the mine's contribution.

Merafong Health Infrastructure

- The affected community noted that the municipality



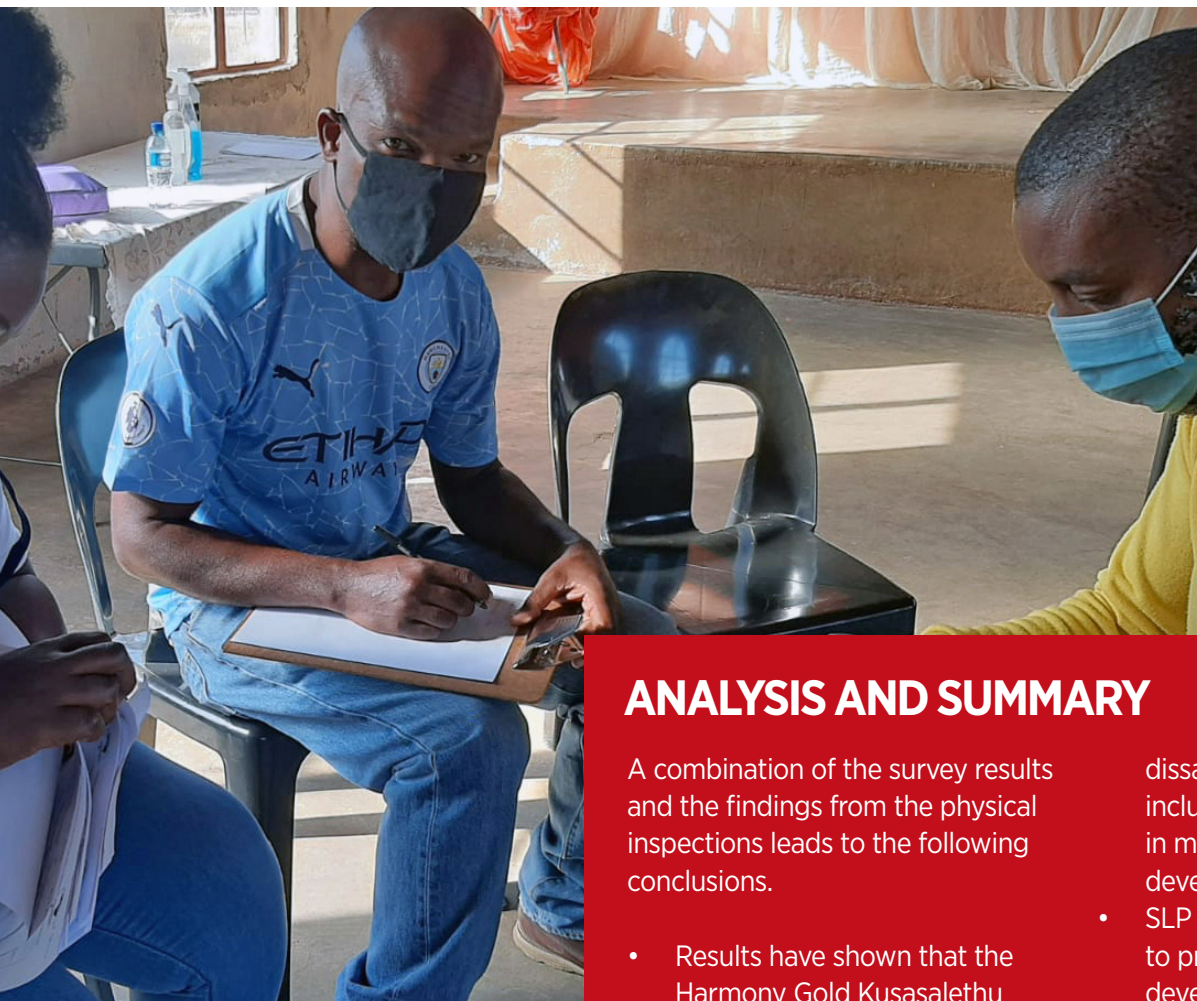
had made an amendment to their IDP, which effectively affects projects that should be in the SLP.

- Welverdiend sports facility was supposed to be built to improve the health infrastructure in Merafong. However, none of the respondents knew of the sports facility.

Merafong Digital Hub

- Out of 222 respondents, only 40 (18%) knew of the digital hub that was supported by





ANALYSIS AND SUMMARY

A combination of the survey results and the findings from the physical inspections leads to the following conclusions.

- the mine.
- When asked about its location many (77.5%) simply said 'yes', while those who noted a specific location gave vague and different locations.
- Only one of the respondents knew how much was committed by the mine for the project.
- The social audit team found out that the digital hub was abandoned in 2015, though the signage remained until 2020.

- Results have shown that the Harmony Gold Kusasalethu Mine failed to meet all the targets set and to implement the commitments set out in the 2013-2017 SLP.
- The social audit conducted indicates that there is a lack of consultation and awareness campaigns from the side of the mine, as well as a generally poor relationship between the mine and the community.
- Merafong residents were either unaware of the pending projects or have never seen projects that the mine claims to have completed, citing their

dissatisfaction at the level of inclusion of host communities in matters that concern their development.

- SLP projects are meant to provide for sustainable development of affected communities, however the results of this audit indicate that projects implemented by the mine did not continue and that there were many projects that were not implemented by the mine.
- The level of neglect of existing projects also clarifies the lack of Kusasalethu's commitment to the Merafong community, its duty to comply with the MPRDA and its role as a social player in uplifting communities who are affected by their mining operations.

