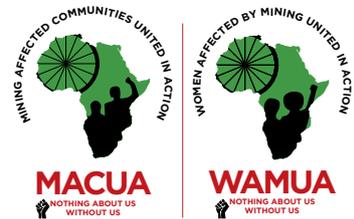




SOCIAL AUDIT SUMMARY

PHALABORWA FOSKOR 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 an extent to which a mining company has complied with the promises made in their Social and Labour Plan.

METHODOLOGY

Data collection included both door-to-door surveying and physical verification. The survey was conducted through a 35-item household questionnaire with closed and open-ended questions. Any adult member of the household was eligible for an interview. Seven communities within Ba-Phalaborwa were surveyed as part of the social audit. These communities were represented by participants from Tshubje, Phatamashako, Machidi, Mosemeng, Matshelapata, Tlapeng and Soweto. A total of 155 participants were interviewed, 80 (52%) of whom were women and 75 (48%) of whom were men. A training with community members was conducted on SLPs, social audit methodologies, and designing surveys. The questionnaire was designed in collaboration with the social audit team. During the training, the community organisers had an opportunity to test the questionnaire and agree on ways to probe questions. The training was conducted from 21 – 22 April; data collection occurred on 23 April, and preliminary analysis was done on 24 April. After the fieldwork, a debrief meeting was conducted where all data collectors discussed issues arising from the survey, challenges, and strategies for making future community inquiries more effective.

**What Foskor mine committed to undertake the following during the SLP years audited (2013-2018):
Local economic development section.**



REHABILITATION OF STREETS - BUDGET R13,000,000 (REDUCED FROM R18,000,000 AS PER AMENDMEN

Project to be handled with the Department of Public Works to establish reliable, safe streets in town.

Streets identified: Naboom, Moengraaf, Essenhout, Harlem, President Steyn, President Kruger, Bataleur, Grosvenor, Alex Du Toit, and Tambotie.

Committed to ensure that maintenance and upgrades were done to the roads inclusive of: edge breaking repairs, resealing the tar roads, fog spraying the resealed tar roads, painting road marks, refurbishing or replacing road signs, repairing potholes and constructing edge beams.



UPGRADING OF BOLLANOTO - BUDGET R3,000,000

Foskor committed to developing a Tree Park opposite Hendrick van Eck Avenue where people can sit, relax, view indigenous plants etc., jog, cycle, play, gym etc.

Committed to linking the Tourist Information Centre, Gateway Airport, Forever Resorts, Safari Park, Kruger National Park and Accommodation establishments within walking distance via a pedestrian boulevard.

As well as providing for the following upgrades along Hendricks van Eck Road bins, benches, lighting, drinking fountains, paving, street furniture, benches, sculptures, shade trees, pedestrian crossings, traffic calming measures, and a pedestrian bridge over Haarlem Street to link the two parks (*Bollanoto to the tree park*).



ESTABLISHING A NEW LANDFILL SITE - BUDGET R4,000,000

Foskor will relinquish its surface use right 332/80 to farm Schiettocht measuring 50Ha for the establishment of sustainable waste management (recycling) in Ba-Phalaborwa Local Municipality.

Foskor will design a stormwater drainage system, monitor water pollution, create well-designed slopes, establish a weighbridge, and set up the general infrastructure needed.



UPGRADE AND REFURBISHMENT OF ELECTRICITY NETWORK - BUDGET R10,000,000

Committed to funding maintenance and refurbishment of some parts in conjunction with other stakeholders.



CONSTRUCTION OF SCHOOL - BUDGET R5,000,000 (AS PER THE AMENDMENT)

To plan and construct a new school called Makatikele Andries Malatji in Boelang.

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 aspects and projects audited during the social audit.

Consultation

- Only two of the 155 respondents noted that they knew what an SLP is.
- 91.9% of respondents expressed that they would be interested in seeing an SLP.

- Only 25 (16.1%) respondents knew that they had a right to request a copy of the SLP directly from the mine.
- Not one respondent said that they were consulted by a mine before a project started in their community.

Establishing a New Landfill Site

- No operational landfill site exists on the earmarked site. The area of land does not have signposts and is cordoned off by an unfinished cement fence.

Upgrading of Bollanoto Tourism Centre

- 83.9% of the respondents knew the road on which Bollanoto Tourism Centre was situated and 80% of them did not know of a tree park.
- 88.5% of the people asked had never seen benches, 97.7% had never seen water fountains, and 87.7% people noted that there was no safe pathway to cross the road to Bollanoto Tourism Centre.

Construction of Boelang Makatikele Andries Malatji School



- 87.1% of the respondents knew the area of Boelang, however only 26 people (19.3%) knew of Makatikele Andries Malatji school.
- 23 people (79.3%) did not know when they started building the school, while the majority of those who knew noted conflicting dates.
- 100% of the respondents who knew about the school stated that they did not know any children that went to the school.
- The school remained unfinished in accordance with physical inspections that took place.

Rehabilitation of Streets

- 87.1% respondents noted that there was a difference between the roads in the CBD and the roads in their community, predominantly because roads in the CBD are tarred and roads in their communities were not.
- Of the 10 streets that were supposed to have been upgraded, 3 were randomly selected for inspection. All 3 streets were in terrible condition, with large chunks of tar worn away and visible sand and stones.
- There did not appear to be edge breaking repairs, fog-spray, painted road marks, refurbished road signs, sealed

potholes, or edge beams on the roads inspected.

General

- 106 people (68.4%) did not know that communities that are host to mining companies must benefit from the mines around them.
- 99.4% of the respondents asserted that their community had never benefited from Foskor Mine between the SLP years audited.
- Water, tar roads, employment opportunities, schools, clinics, a library, and street lights were amongst projects identified as needs by community members interviewed.

ANALYSIS AND SUMMARY

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

- Foskor failed to fulfil its legally binding obligations under its 2013 – 2017 SLP. Far from a simple delay, or a single incomplete project, Foskor appears to have largely ignored its SLP commitments altogether.
- Rural communities in the greater Ba-Phalaborwa area have not benefited from Foskor's presence, although they are in the vicinity of the mining operations.
- The LED projects that were planned (but never implemented) were all in town, rendering the DMRE's decision to approve the SLP quite clearly against the interests of the most underdeveloped and poor communities in the area.
- It is concerning that when asked

what a priority in their community was, participants suggested urgent and practical projects that could have easily been supported by Foskor, if they laboured to consult with and determine the needs of communities around the mine to cater for their well-being. The most popular suggestions were water, tar roads, jobs, schools, clinics, libraries, streetlights and electricity.

- This means that community members were either not comprehensively consulted, or that Foskor exercised a paternalistic role in deciding what was best for the community (essentially, what was least financially burdensome for them), under the guise of the IDP linkage requirement.
- The construction of the school in Boelang was added to the plan after the commencement of the SLP period and seemed to have

occurred without community consultation. Indicating a pattern of a failure to consult local communities in the formulation of SLP projects.

- Foskor has failed to invest in and develop any relationship with community members. Only 1 of the 155 people surveyed has ever been in a meeting with Foskor and that meeting was about jobs and services, rather than community development and issues surrounding the SLP.
- Together, these results demonstrate that Foskor fell short in its duty to consult with communities, that is, to seek out a social license and legitimacy to operate on their and to operate in a way that ensures that the communities are empowered and benefit from the mining exploration.