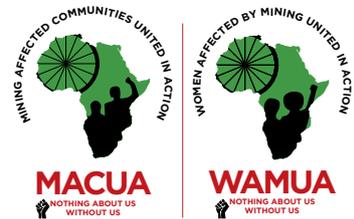




SOCIAL AUDIT SUMMARY SPRINGBOKPAN SEPHAKU LIMESTONE MINING OPERATIONS 2022





INTRODUCTION

A social audit is a community-led process in which mines are evaluated on their progress towards the promised implementations made in the Social and Labour Plan (SLP) for the communities in which they are operating. While 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. According to Section 2 (d) of the MPRDA, the main objective of the Social and Labour Plans are to 'substantially and meaningfully expand opportunities for historically disadvantaged persons, including women, to enter the mining and petroleum industries and to benefit from the exploration of the nation's mineral and petroleum resources¹.

Therefore, a social audit that is carried out by the communities monitors the extent to which mining companies have complied with the promises it has made in their Social and Labour Plan.

METHODOLOGY

The methodology undertaken on this social audit consisted of the survey which was conducted through a data collection including both door-to-door surveying and the physical verification. The survey was conducted through a household questionnaire with closed and open-ended questions. In addition, physical inspections of the sites identified in the SLP as infrastructure projects were conducted. The Social Audit Team surveyed six areas in Springbokpan: Seloja, Mshongo, Mainanatho, Mafikeng, Lafarge Road, and Kgapamadi.

A total of 272 people were surveyed, 163 (59.9%) of whom were women and 109 (40.1%) 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 6-10 September 2021; data collection occurred on 8 September 2021; and preliminary analysis occurred on 9 September 2021. 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.

What Sephaku committed to undertake during the SLP years audited (2017-2021): Local Economic Development (LED) Section



CEMENT BRICK/ BLOCK MAKING AND DISTRIBUTION FACILITY

The establishment and development of an Agri-Park in Springbokpan which would include a Food Bank Project and Sunflower Farming Project.

Food bank Project: Stocks of food, typically basic provisions, and non-perishable items, are stocked up for commercial distribution to the market.

Sunflower Seed Production Project: A budget allocation of R4,600,000 was identified for implementation between 2018 and 2020.



VERDWAAL AND SPRINGBOKPAN YOUTH DEVELOPMENT CENTRE

The company took a strategic decision to partner with the South African Football Association (SAFA) to establish and develop a Youth Development Centre at the Agri-Park.

A budget allocation of R4,100,000 was identified for implementation between 2018 and 2019.



CEMENT BRICK/ BLOCK MAKING AND DISTRIBUTION FACILITY

This project was expected to create 50 sustainable jobs for local communities.

A budget allocation of R4,600,000 was identified for implementation between 2017 and 2019.



VERDWAAL AND SPRINGBOKPAN SAFE HUB

The project was expected to employ 20 employees at the Agri-Park.

A budget allocation of R2,550,000 for implementation between 2017 and 2019 was identified.

¹ Mineral and Petroleum Resources Development Amendment Act 49 of 2008: Section 2.



FINDINGS FROM THE SOCIAL AUDIT

The results of the social audit were analysed in accordance with the assertions made by Sephaku in their SLP. This includes an analysis of awareness by respondents about the projects that were to take place in their communities, as well as their knowledge of what an SLP is and how it binds the mine to certain obligations. The local economic development projects audited were the cement brick making and distribution facility, youth development centre and Agri-Park project along with other related projects.

Consultation

- Mines are supposed to consult with the affected communities in the formulation of their SLPs in order to incorporate their needs into the SLP projects.

- 7% of the respondents noted that they had been consulted by Sephaku, but not in relation to the SLP, but rather to their farms that were leased to the company. While 93% noted that they had never been consulted by Sephaku.
- Only 21.7% of the respondents knew what a social and labour plan was.
- 73.2% of the respondents did not know that they had the right to access the SLP.
- There were 15 respondents (5.5%) who noted that Sephaku had renovated a clinic, which remains unfinished, and that they did a project around cement brick making. The rest of the respondents 94.5% resonated with the fact that they did not know of any projects done by or funded by Sephaku.

Cement and Brick Making Distribution

- Only four (1.5%) of the respondents had heard about a cement and brick making distribution facility.
- None of the respondents knew how vacancies for employment were advertised.
- 90.8% of the respondents noted that the project would positively affect them in relation to increasing opportunities for employment in Springbokpan.
- When the Social Audit Team visited the suggested site of the project, at the Agri Park Project, there was nothing to be found except an abandoned building and an old mill.

Youth Development Centre

- 98.5% of the respondents noted that they did





not know of any Youth Development Centre in Springbokpan, while only four of the respondents (1.5%) said they did know of one.

- 65.1% of the respondents noted that there has been no positive impact made in the community by the Youth Development Centre because there is none.
- The Social Audit Team went to the site of the Agri Park Project and found no sign of a youth development centre in the area provided for in the SLP.

General

- 98.9% of the respondents said that they don't think that Sephaku has employed enough people from their community.
- 140 (51.5%) of the respondents knew that affected communities must benefit from the mines surrounding them, whereas 132 people (48.5%) did not know.
- 261 of the respondents (96%) had never benefited personally from the mine, while 10 respondents (3.7%) noted that they had in relation to

the farms which they lost to Sephaku and get a monetary sum every year.

- Only 12 respondents (4.4%) recalled having a meeting with Sephaku regarding the development projects the community needs in Springbokpan.
- Community members noted that they would find the following developments in their area beneficial: clinic, roads, library, sport facilities, internet café, schools upgrade, job opportunities, water, and youth centre.

ANALYSIS AND SUMMARY

A combination of the survey results and the finding from the physical inspections lead to the following conclusions:

- Sephaku has failed to fulfil its legally binding obligations under its 2017-2021 SLP. Far from a simple delay, or a single incomplete project, but Sephaku appears to have largely ignored its SLP commitments altogether.
- Although the Agri-Park was the project site for almost all of the projects in their SLP, the Agri-Park was non-functional and did not host any economically viable activities in accordance with the SLP commitments made by Sephaku.
- It's concerning that the overwhelming majority of community members have never been consulted by Sephaku around the projects that were supposed to take place in their community.
- When questioned about the kinds of projects that would benefit them, community members noted practical and achievable projects, which overlap with some of the projects Sephaku was obligated to undertake in the SLP audited (2017-2021). Had Sephaku taken the time to implement the committed projects to a functional standard, the developmental aspirations of community members in Springbokpan would have been implemented successfully.
- Although Sephaku has been conducting its activities approximately 7km away from the community, since 2013, they have done very little to nothing developmentally to benefit the community of Springbokpan.