

Vale's response to South African Civil Society Information Center allegations (SACSIC)

Mozambique is a country with challenging socioeconomic conditions for businesses, notwithstanding the significant progress already achieved. Vale in Mozambique, due to its scale and its implementation of an important project for the country's economy, has also made a commitment to contribute to the development of local communities, as such, to the increase of opportunities and overall well-being of its members.

As an integral part of the implementation of the Moatize Coal Mine, which began operating in 2011, it was necessary to undertake a detailed resettlement program for the families living in the industrial and mining sites. The resettlement process was based on Vale's internal guidelines meant to reinforce the observance of human rights, such as the Resettlement Norm and Procedures and the Community Relations Guidelines. These documents are largely inspired by international directives such as those defined by the World Bank and the International Finance Corporation – IFC.

This program started in 2006 and has involved social dialogue with the government and communities. The family transfer stage was completed in 2010, following the resettlement of 1,365 families to two areas: the rural community of Cateme, and the urban district of 25 de Setembro. Vale is dedicated to developing supporting these families, alongside the government, in order to meet the needs of the resettled communities.

The families resettled in Cateme receive a house in 0,8 hectare of land and 1 hectare foreseen to agricultural production. Also, they have received cash support in order to potentialize the production of these families, as per demand of the families themselves and the government.

Regarding regular food assistance, the families that opted for rural resettlement received food packages related to the loss of the production cycle on their plots of land. Three food packages were distributed, taking into account the maximum output that each family's plot of land could have produced. As the families have begun to cultivate their new plots of land, techniques have been introduced to enhance yields, such as the use of improved seeds, poultry production, animal traction, cattle herding and genetic improvement and the use of natural insecticides. In addition, seven fruit trees were distributed to each family, in a total of 14 units and permanent technical support of 34 professionals has been offered to guide the agriculture activities. These technicians work alongside government professionals in order to share techniques that enhance the lands' capacity and productivity:

- Agricultural Campaign – Vale provides improved seeds that are channeled through the Serviços Distritais de Atividades Económicas (SDAE). The prices of the seeds are subsidized to the communities via agro dealers.

- Support to subsistence and commercialization agriculture – Vale has put more than 100 hectares to the disposal of the community, among which 87,5 are arable.

Food security has also been the object of training in poultry, horticulture, rural finances (including leadership and association), residential cultivation and animal traction. So far, 1.364 resettled individuals have been trained so far, 58% of which are women.

In order to foment other possibilities of professionalization and income generation for this population, Vale has been offering training in other modalities such as: literacy education, carpentry for teachers and students, electricity and basic civil construction, masonry, business management, sewing, women's entrepreneurship, savings and lending, etc. More than 2.255 resettled people have taken part on the trainings offered by Vale so far.

In relation to issues involving water and irrigation in the resettled communities, Vale has finished rehabilitating the existing water supply systems in Cateme, reviewing equipment and conditioning it in order to work fully. This initiative included activities such as replacing two 10,000-litre raised tanks, installing three electric floats in elevated towers, replacing pressurized

pumps and fountains, replacing two submersible electric pumps in wells, and implementing a drip irrigation project involving 100 families to help them grow vegetables, initiated in June 2013.

Vale has also built a water supply and distribution system constituted of 4 caption wells, 2 reservoirs with the capacity of 40 m³ and an elevated cistern with total capacity of 500 m³. These water sources are linked to the existing network of 34 fountains, along 11 km of pipes offering more autonomy, even when faced with electricity cuts. Vale has also financed the construction of two dams on the Muaradzi River, which courses through the Cateme area. With these dams, local producers reinforce their involvement in agricultural activities. In order to turn the water transportation easier, Vale has distributed 287 water rollers for the Cateme community.

With regards to the improvements in local infrastructures, roads, drainage, transportation and other social services were restructures and maintained. Besides the construction of a 8 km road and two bridges, Vale has financed bus transportation for the community, a new primary school, a boarding secondary school, a health center, an ambulance, and a place for the Market. A new public pharmacy and a Casa Mãe Espera (care for pregnant women) were built in order to reinforce maternal and child health. Vale has also invested in access to electricity, reinforcing the transmission lines between Tete, Moatize and Cateme and has increased the distribution net in all streets of the Cateme community, including residencies and public electricity. Also, it introduced a management system in EDM (public power) in Cateme's community.