

CORPORATE OFFICE  
55 Marshall Street  
Johannesburg  
2001  
South Africa

Joy Mabenge (mabenge@business-humanrights.org)  
Gregory Tzeuschler Regaignon (regaignon@business-humanrights.org)  
Business & Human Rights Resource Centre

27 November 2016

Dear Ms Mabenge and Mr Regaignon,

Thank you for your request and the opportunity to respond to the proposed profiling of a report published by the Bench Marks Foundation in October 2016, on “*Life Before and During Mining: The relocation and struggles of Magobading Community, Limpopo*”.

At the outset we wish to confirm that Anglo American Platinum has been engaging with both the community of Magobading and with the Bench Marks Foundation on the issues raised in the report. We are in the process of responding formally to the report (which is fairly lengthy and detailed, and which has required research and consideration), and – once this response has been completed, we will publish this and would make it available to you. More importantly though, we have considered and taken on board many of the issues raised, and are seeking to address them where this is feasible.

In the interim, however, we would like to respond to the Business & Human Rights Resource Centre as follows, and look forward to engaging further in the future.

### ***About Twickenham***

To begin with, it may be useful to elaborate on the context of the mine and the region. Anglo American Platinum’s Twickenham project forms a crucial component of the Company’s work to unlock value in its Eastern Limb operations.

The original Twickenham Platinum Mine project commenced in 2001. But, the project was soon slowed down to an ‘early mining initiative’ largely due to external factors attributable to declining metals prices. As international markets and particularly the outlook for platinum group metals continued to decline, in 2014, Anglo American Platinum delayed all expansionary project decisions until at least 2017. As a result, the Twickenham Project was suspended in 2015 and

### **A member of the Anglo American plc group**

**Anglo American Platinum Limited**  
Registered Address: 55 Marshall Street, Johannesburg, 2001. P O Box 62179, Marshalltown, 2107 South Africa. T +27 (0) 11 3736111 F +27 (0) 11 3735111  
Incorporated in South Africa. Registration Number: 1946/022452/06

**Directors:** MV Moosa (Chairman) CI Griffith (Chief Executive Officer) I Botha M Cuitfani RMW Dunne NP Mageza R Médori NT Moholi D Naidoo AM O’Neill  
A Sangqu JM Vice

**Alternate Director:** PG Whitcutt

**Company Secretary:** E Viljoen



the operation restructured to reduce cash losses, including placing one of its two shafts on care and maintenance. Wherever possible, re-deployment to other Anglo American Platinum operations was offered to mine employees.

Despite actions taken in 2015 in an attempt to return the project to profitability, it continued to make substantial losses that could not be sustained by the Company.

On 26 February 2016 a formal Section 189 consultation process began at Twickenham, resulting in the loss of around 1,000 jobs at the mine. Until commodity prices improve and a decision is taken to resume development at Twickenham, the mine is testing new technology to move towards a mechanised mining method as conventional mining methods are not viable at the mine. While doing so, employees are being trained and upskilled to use this new technology.

Despite the significant and ongoing losses incurred by the mine, the company has continued to honour its Social and Labour Plan commitments. To date, around R30 million has been spent or committed *directly* by the Twickenham Mine to a broad range of projects to alleviate hardship of communities and to support socio-economic upliftment. Some of these projects include the large-scale water supply to communities within the Sekhukhune district municipality; installation of electricity supply to households; construction of the Dithabaneng and Morapaneng access bridges; improvements to the Setlamorago Primary School; construction of a central community centre for all communities in the area; education support programme in respect of early childhood development; further education and training through the Bokamoso programme (various skills training including plumbing, catering, welding and tourism), establishment of the facility for orphans and vulnerable children and support to local farmers, among others.

### ***About the region***

Twickenham mine is situated in the Sekhukhune District Municipality, with the operations area including the Tubatse, Fetakgomo and Makhuduthamaga Local Municipalities. These are some of the most impoverished communities in South Africa. StatsSA census data (2011) reveals that unemployment levels are exceptionally high with only 24.4% of eligible adults in full employment in Tubatse, 17.33% in Fetakgomo and 13.2% in Makhuduthamaga.

The challenge faced by Limpopo's communities is reinforced by StatsSA's 'Limpopo Community Survey 2016', which notes that "the poverty headcount in Limpopo has increased from 10.1% in 2011 to 11.5% in 2016. Increases in the poverty headcount were observed in all district municipalities between 2011 and 2016". Further, StatsSA notes that "288,963 of households [out of 1.6 million households] in Limpopo reported that they had ran out of money in the 12 months before the survey was conducted. A little more than a tenth (12.9% or 205,432) of households in Limpopo missed a meal over the same period".

The need for sustainable economic activity and sustainable social interventions in the region is exceptionally high. We would contend that the social disorders and economic hardships described by the Bench Marks Foundation at Magobading are widespread and, in many instances, communities not reached by the mine's socio-economic activities are even more dire. There are, understandably, enormous pressures placed on companies to alleviate the challenges faced by the population, and little distinction is made between the role of companies and government. But, there is a limit to what companies can do on their own.

### ***Engaging and supporting surrounding communities***

There are a number of communities in the mine's operations area, and both Anglo American Platinum as a whole and the Twickenham Project specifically, have put substantial effort into engaging with the communities and into ensuring that the communities which are host to our operations also see concrete benefits from our presence. These benefits manifest in a range of ways <http://www.angloamericanplatinum.com/~media/Files/A/Anglo-American-Platinum/documents/1-0-amplats-sd-2015-final.pdf>

Communities that were relocated were recipients of a range of financial compensation, substantive replacement (of land and property) and will soon also be beneficiaries of a community trust intended to provide funding for long-term community development projects. This community trust will specifically benefit the Magobading community and is in addition to the Alchemy Trust which provides benefits by way of dividends to all surrounding communities. (See <http://www.angloamericanplatinum.com/sustainability/alchemy/principles-and-benefits.aspx>).

### **Engagement challenges**

The Company notes with concern that the Magobading community requested Bench Mark Foundation's assistance so that they could engage effectively with Anglo American Platinum. A flawed community engagement, representation and consultation process is simply not viable for the Company nor for the communities, and an issue that we are keen to address. We do, however, recognise the important role played by NGOs such as the Bench Marks Foundation in bridging the divide that may exist between government, companies and communities, and even between factions within communities themselves.

While Bench Mark Foundation's report does not specifically deal with engagement in its recommendations to Anglo American Platinum, it is a common theme in much of the narrative and indeed something Anglo American Platinum places considerable focus on and believes warrants a response. The challenges we face in our engagement with communities was also addressed in our submission to the SA Human Rights Commission in August 2016.



Although Anglo American Platinum and Twickenham have made many attempts to formalise our engagements with the communities (and to assist in the manner of engagement within these communities), we have encountered substantial challenges. These are mainly as a result of conflicts within and between communities – and result in our needing to meet with multiple-interest groups, often with opposing priorities and demands. These issues are further exacerbated by disputes around traditional leadership structures in the area.

Despite these issues, we have established a number of community engagement structures in consultation with the various stakeholder groupings in the communities – the intention of these structures is to ensure open and transparent communication between the Company and our stakeholders. It should be noted however that there are still groups within the communities who refuse to engage with any of these structures. While this does create challenges, the Company nevertheless engages in *ad hoc* engagement processes outside the established structures.

### **The Twickenham resettlement**

The Twickenham resettlement project was developed and implemented between 2000 and 2003 (that is, more than 15 years ago) with approximately 115 households requiring physical resettlement from three villages (Maotji, Makobakoba and Botshabelo). The affected households were resettled to Magobading as well as scattered stands in existing villages. In addition, 17 other villages were affected by the loss of arable fields and grazing land. Seven households who had initially elected not to be resettled were subsequently resettled in 2013.

The World Bank Group's Environmental, Health and Safety Guidelines formed the basis for the resettlement ([www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines))

Detailed Social and Environmental Impact Assessments were undertaken before the respective resettlements took place by SRK Consulting Engineers and Scientists (SRK). SRK completed the assessment through reviewing existing literature, carrying out interviews and group discussions with affected members of the community, holding community meetings to share information and having discussions with relevant tribal authorities in the area.

The assessments mapped out potential social, economic and environmental impacts which would affect communities within the project area and set out broad recommendations and mitigation measures to be negotiated and agreed with affected communities before implementation. Anglo American Platinum subsequently set up forums to enable negotiation and communication with affected communities.

Naledi Development (Pty) Ltd was appointed as the resettlement specialists to develop the Resettlement and Integrated Development Action Plan as well as to facilitate implementation.



### **With the benefit of hindsight**

More than a decade has passed since the resettlement was implemented. During this time thinking around international best practice as it relates to resettlement planning has significantly progressed. This means that even if previous resettlements followed the World Bank Safeguard Policies to the letter at the time, there are instances whereby Anglo American Platinum would have failed to comply or only partially complied with current societal expectations and evolved standards.

With the benefit of hindsight, the Company is fully aware that there are areas of the resettlement that would have been handled differently if they were to be undertaken today. More recent studies undertaken by independent consultants, Naledi Development (who specialise in environmental impact assessments, community communication programmes, construction liaison, social impact assessments, policy development and community development), have highlighted where adjustments need to be made to the benefit future resettlement planning and implementation. These recommendations have been taken on board by the Company.

Anglo American has refined and redeveloped several of its social performances strategies, including the Social Way (<http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/social/aa-social-way-singles-v2.pdf>). The Social Way mandates all operations to ensure that policies and systems are in place to engage with affected and interested shareholders; avoid, prevent and where applicable, mitigate and remediate adverse social impacts; and maximise development opportunities.

The Social Way includes the latest in international best practice, including the Equator Principles, the International Finance Corporation (IFC) Performance Standards and the most recently revised World Bank Group EHS Guidelines.

Anglo American Platinum has developed the Platinum Way which outlines a specific strategy for the Company to implement the guidelines in the Social Way.

### **Establishing the Magobading Community Trust**

While the Company cannot 'undo' the resettlement process that was undertaken, we are mindful of the specific needs of the Magobading community following their relocation and the specific circumstances that this community finds itself in. Some of these circumstances may be as a result of the relocation, some may be as a result of choices made by the communities, and many are a consequence of the broader socio-economic circumstances of the region.

So, while the resettlement engagement process, including compensation, is closed, we recognise the need to support the Magobading community and other local communities in building sustainable livelihoods to seek to break the cycle of poverty and dependency.



We have committed to establishing the Magobading Community Trust, a vehicle endowed with approximately R10 million start up, that will focus on establishing and restoring sustainable livelihoods.

Finally, more generally, each of our operations has recently undergone their required human rights due diligence.

### **In conclusion**

South Africa is an emerging economy and a country with a troubled past. Anglo American Platinum is committed to the realignment of the Company and the industry to overcome the social and economic challenges which impede the South African people from improving their lives.

We recognise that in order for mines, and all stakeholders, to be effective in contributing to the betterment of the South African people the entire mining ecosystem needs to take collective action to explore and remedy entrenched challenges. This will take active collaboration with communities and civil society, and also – in many respects – a changing mind-set within companies in taking a holistic view of development.

There is undoubtedly a need for regulatory revision and alignment with stakeholders' needs in the new South Africa. This alignment process can benefit from the recommendations made by the Bench Marks Foundation. Community capacitation is critical in order to avoid shifting expectations and well-structured grievance mechanisms which yield objective outcomes could benefit, not only the communities, but give the industry a foothold to achieve prolonged fruitful engagement. Anglo American Platinum will, within reason and within its legal limitations, endeavour to support such initiatives and looks forward to working with the Bench Marks Foundation and other entities in making this a reality.

A critical mind-set change, we believe, is the way in which companies – and particularly mining companies – fit in with the long-term development plans of regions. Low global commodity prices have placed many mines in challenging territory. This slump revealed more than companies' financial vulnerability, but that mining companies cannot and should not take on the role of surrogates of municipal, provincial or national government.

Further, we recognise that all stakeholders must stay abreast of and hold each other to international best practice standards. A community perception index could be an insightful tool, but it should acknowledge the reality that certain role-players are not within the mines control.

Anglo American Platinum has made its commitment to, not only international best practice, but also going beyond compliance known. Through the Anglo American Social Way we seek to



become partners in the future with our host communities and to create mutually beneficial relationships by understanding and maximising the positive influence Anglo American Platinum can have on local development within the life of the mine.

Divided communities are not in the best interest of the Company or our communities. We want to form partnerships for long-term sustainability, break the cycle of dependence, and ensure regional collaboration.

If you require any further information please let me know and we will try to answer them.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Chadwick", written over a light blue grid background.

**Dr. Matthew Chadwick**  
**Head of Sustainability – Anglo American Platinum**



Email: [matthew.chadwick@angloamerican.com](mailto:matthew.chadwick@angloamerican.com)

Direct: +27 (0) 11 373 6495

Mob: +27 (0)71 851 7200