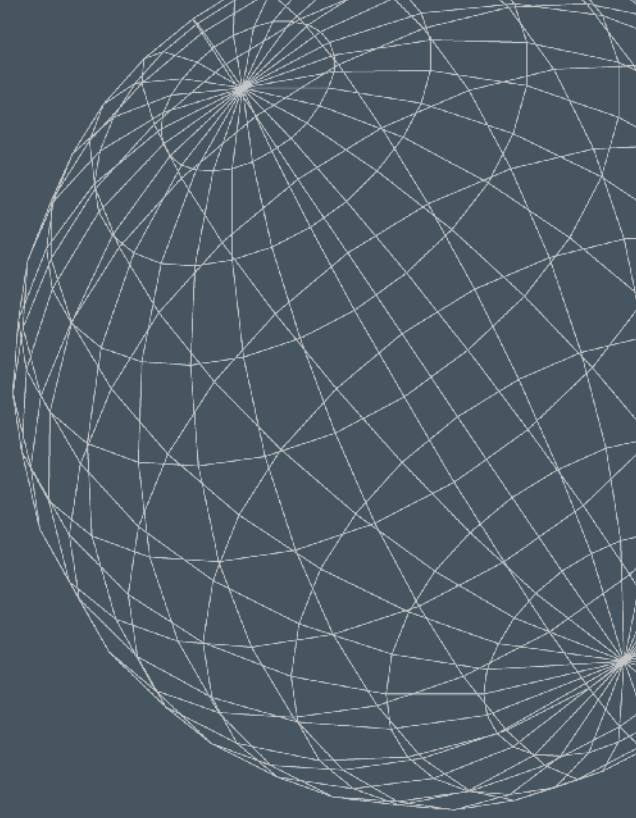


Sustainable development report



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In our 2009 report we announced that, amongst other actions, we saw continuous improvement of our safety, health, environment and community (“SHEC”) performance and the elevation of risk management processes to higher levels. We laid the foundation for this process by developing and approving the framework and policies that guide SHEC management. Accordingly, we put in place corporate capacity and published the policies on occupational health and safety, environment, and communities. In addition, we took forward many of the recommendations of the F2009 Group-wide SHEC baseline audit by initiating and completing baseline risk assessments for all operations. The Group Safe Production Rules have been implemented at all operations and have been integrated into training modules.

The implementation of the Group-wide electronic SHEC management system was completed at all operating units as recommended by the SHEC baseline audit. Initially the system is being used for risk registers, hazard identification, risk assessments, incident reporting and data capture. This is to ensure that management decisions are taken on the basis of more robust data and to build comparable data to measure and improve trend analysis over time.

The SHEC Board Subcommittee meets quarterly to review SHEC performance reports from the various operations. Information considered includes the number and nature of incidents, occupational health trends, consumption of resources, community initiatives and stakeholder concerns raised at Group and operational level. Based upon this input, as well as the guidance provided by the Group policies, the SHEC Subcommittee provides strategic guidance to the operations, works to share and standardise best practice across operations, and provides feedback to the Board as the process matures. The SHEC Subcommittee will increasingly embrace a range of strategic initiatives in all areas of SHEC management to address areas of concern and to advance Group-wide initiatives.

Sustainable development issues and incidents are now included in the weekly and monthly reports, and submitted to the Group executive. The Technical Executive Committee (“Texco”) meets bi-weekly and receives regular reports on sustainability trends and issues, thereby ensuring that sustainability issues are integrated into the overall operational decision-making process. SHEC issues are included in the quarterly reviews held at the operations, which include operational management and Metorex Group Exco members.

Going forward we plan to strengthen the integration of our SHEC capacity across the Group operations and continue our engagement with all stakeholders. Mindful of our stakeholder concerns, we will also increase our involvement in initiatives such as the Extractive Industries Transparency Initiative (“EITI”) and the Voluntary Principles on Security and Human Rights (“VPSHR”), (www.voluntaryprinciples.org). Over time this will reflect in our improved public reporting on sustainability issues.

Fines and legal actions

During F2010 no money was paid by the Group or its operations in fines or penalties resulting from transgressions related to environmental, community or occupational health and safety matters, nor was any legal action brought against the Group in this regard.

Safety and occupational health

The Group's various operations manage their health and safety to ensure the wellness of their employees and the sustainability of their operations. The control and eventual reduction of all hazards in the workplace requires a team effort involving the active participation of all stakeholders. This includes management, unions, suppliers and regulators, as well as workers and their families. The Metorex occupational health and safety policy requires the provision of appropriate resources for training and ongoing actions to ensure continual improvement in occupational health and safety performance. Our employees and contractors take ownership of these programmes by complying with standards and procedures and by exercising their duty to withdraw from an unhealthy or dangerous situation (for the full policy text see www.metorexgroup.com).

Safety

Once again we are gratified that our continued investment in safety training and capacity has led to another fatality-free period for the Group. Ruashi has seen in excess of over two million fatality-free shifts worked since the inception of the project in 2004, which includes the construction work that has taken place over this period. Equally gratifying, the past three years have seen a steady decline in lost-time injuries (“LTIs”) both in absolute terms and in frequency rates across all operations. We believe that this is driven primarily by our continued investment in safety training, the implementation of the Safe Production Rules, the confidence employees have in refusing to work in unsafe conditions, and the focused identification and reduction of operational hazards in the workplace by all employee. A detailed case study of our investment in safety training at Chibuluma, which leads the Group in this area, is included in this report.

Sustainable development report

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Performance statistics for the Group

	Six months to December 2010	12 months to June 2010	12 months to June 2009
Non lost-time injury frequency rate per million man-hours worked			
Ruashi	44.3	56.8	6.9
Chibuluma	6.6	13.2	21.3
Sable Zinc	4.4	14.4	108.0
Kinsenda	1.5	2.3	1.5
Group	24.5	25.3	11.5
Lost-time injury frequency rate per million man-hours worked			
Ruashi	0.0	1.9	0.5
Chibuluma	3.8	2.8	4.0
Sable Zinc	0.0	2.1	22.0
Kinsenda	0.0	2.3	5.4
Group	1.0	1.5	2.1
Serious injury frequency rate per million man-hours worked			
Ruashi	0.5	0.6	0.5
Chibuluma	0.9	0.9	0.9
Sable Zinc	0.0	0.0	15.0
Kinsenda	0.0	1.5	0.8
Group	0.5	0.8	0.3
Lost day severity rate days per LTI			
Ruashi	0.0	11.1	9.5
Chibuluma	8.5	6.8	18.7
Sable Zinc	0.0	2.0	4.3
Kinsenda	0.0	15.7	4.9
Group	8.5	9.9	5.8

Greater awareness has been created through the introduction of the electronic SHEC management system. This has played a significant role in increasing the number of hazards being identified, reported on, and acted upon across the operations. In addition, hazard reporting by employees is encouraged as part of regular safety talks as well as through follow-up training. The electronic SHEC management system is being rolled out on an incremental basis. Employees have access to the system via an internet interface. It has become standard practice to conduct HAZOP studies on all new installations and projects.

Metorex conducted external fire safety reviews on operations where solvent extraction processes are utilised for copper recovery. The recommendations of the reviews were adopted by management and implemented. Emergency preparedness on all sites is reviewed quarterly and this has resulted in the upgrading

of emergency equipment and improved procedures and conducting regular emergency evacuation drills. The Safe Production Rules have been printed in pocket-size booklets which are issued to employees during training sessions and it is mandatory that all employees have their booklets on their person at all times.

While there has been an improvement in safety trends and practices throughout the Group, the challenge of achieving zero lost-time injuries remains. A total of 15 lost-time injuries have occurred over the last 12 months and these were preventable. Of the 15 lost-time injuries, three were due to minor rock falls as a result of inadequate barring, four were injuries resulting from the manhandling of equipment, and three were due to a sudden release of stored energy. To prevent a recurrence of these lost-time injuries, the following initiatives are in place:

- Increased senior management presence at the workplace to coach, build trust, and encourage commitment and participation from all team members.
- Operating standards are being reviewed and revised where necessary.
- Employees are briefed after all accidents and learning points are shared.
- A Code of Practice relating to falls of ground at Chibuluma has been completely rewritten.
- Training on the Safe Production Rules has been increased and the process governing the implementation of these rules is audited with recommendations being implemented.
- Appropriate discipline is applied where the safety measures were in place but were disregarded by the affected persons.
- An increased emphasis on planned task observations for high-risk tasks.
- More focus on task risk assessments.

We are pleased to report that all underground personnel at Chibuluma now have access to fully functional refuge chambers and are issued with self-contained self-rescuers whenever they go underground. In addition, all underground mobile equipment at Chibuluma has been equipped with collision-avoidance detection devices which warns drivers of nearby personnel and other mobile equipment. An ongoing programme is in place to

prevent employees from reporting for work under the influence of alcohol and to prevent the abuse of alcohol. We are proud of the Chibuluma Mine rescue team which demonstrated their competence by winning one of the quarterly Zambian mine rescue team competitions.

The training of employees at Ruashi Mine remains a high priority with a significant emphasis being placed on recruiting and appointing skilled training staff. The mine has trained and appointed 12 technical training officers who are tasked with training employees within their assigned areas of influence. Their responsibilities include the writing of procedures, the training of employees in those procedures and planned task observations.

Sable Zinc has appointed a dedicated safety officer and commissioned an on-mine first-aid station. This, together with regular first-aid training, ensures that employees have rapid access to first-line care should an injury occur at the workplace.

Kinsenda continues to focus on the training of employees to improve hazard identification and risk assessment as well as to improve the implementation of the Metorex Safe Production Rules.

Case study

Investing in training for a safer workplace at Chibuluma

Chibuluma strives to continuously improve its safety and occupational health performance by seeking to prevent all incidents and accidents and minimising hazards inherent in the working environment. Safety trends for the period 2005 to 2010 show an overall downward trend in the annual reportable injury rate from 2,55 to 0,94, although the rate spiked in 2006 at 5,3. The Company is committed to moving beyond simple legal compliance to ensuring that appropriate resources for training and personal protection equipment are provided and that as part of their training all employees and contractors understand that it is their right and duty to withdraw from an unhealthy or dangerous situation.

Workplace safety is recognised as a continuous challenge which requires constant effort to prevent complacency. Chibuluma management has therefore invested heavily in safety training with two focus areas: an extensive induction process to ensure workplace competency and high levels of safety awareness, and regular refresher training for all employees and contractors to constantly ensure competency levels. The foundation of their safety training is the extensive induction process each employee and contractor is required to undergo prior to being allowed into the working environment. At a minimum formal induction lasts a week.

The induction training not only communicates the Company's safety rules and procedures but seeks to create and educate the trainee on how the mine, plants and support services of Chibuluma fit together and operate. By working through the Company's Safe Production Rules booklet and using a variety of training media, the inductee is given a detailed understanding of the generic safety challenges and the risk minimisation procedures on the mine.

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Understanding of the induction content is tested at every level and minimum scores are required before the inductee can proceed to the next stage. From there the inductee moves onto his/her job-specific induction and training. A particular focus area of this is the training of employees with equipment and machinery which they are likely to use and come into contact with. This is to ensure that employees have the technical ability to operate the machinery efficiently and safely, while also being aware of the inherent risks associated with operating their equipment. Training is carried out using original equipment and in most cases making use of trainers from the equipment suppliers themselves. A number of assessments are completed during the training before the new employee can proceed to the workplace. An example of this has been the extensive training of underground employees on the self-rescue packs which are mandatory for everybody operating underground. Chibuluma is only the second Zambian mine to introduce these and therefore had to invest considerably into ensuring that all employees are familiar and comfortable with this safety device.

Following the completion of induction, the employees spend a week in their new position. At the end of the first week there is an assessment of their safety behaviour conducted by immediate colleagues and a supervisor. The purpose is to ensure that all employees work as a team and look out for each other in respect of safe behaviour. If an employee's workplace awareness and safety behaviour are deemed inadequate, they are required to undergo additional training. Once an employee has completed this process they are phased into the job with the help of their team members before being left entirely on their own. Only at this stage is the employee deemed to have reached the required competency.

The safety message in induction is reinforced on a regular basis through refresher courses and specific safety campaigns. The Chibuluma workforce, especially the employees working underground and in the plant, operates on a team or buddy system where peer pressure reinforces safe behaviour. Unique in the Zambian mining sector, Chibuluma operates a safety bonus system whereby 40% of the bonus is linked to safety performance. Mine management is required to lead by example through visibly felt leadership. In order for employees, including managers, to qualify for the safety bonus, the mine must be fatality and incident free for the relevant period. To ensure that this does not lead to the covering up of safety incidents, Chibuluma management is very explicit in its employee communications regarding the right of every employee to refuse work in an area they deem unsafe or for which they feel insufficiently competent. There are no penalties for refusing to work in an unsafe area and whistle-blowing on unsafe behaviour is explicitly encouraged. Awards for the best information on accident prevention through proactive behaviour are handed out at safety meetings.

Despite this, it is still an unfortunate reality that accidents happen and over the past six years the mine has recorded two fatalities. It is critical that lessons are learnt from these incidents to prevent their recurrence. In both instances people were struck by loaders underground. Investigations revealed that the root cause lay in the restricted field of vision of the loader drivers with respect to people and objects closer than six metres. In response, anti-collision warning devices have been installed in all cap-lamps and vehicles to provide a warning to vehicle operators and personnel of vehicles and people in close proximity. These devices provide the drivers of underground vehicles with visual and acoustic signals of people and vehicles in their immediate proximity. In addition, reflectors on the personal protective equipment ("PPE") of underground workers have been increased.

Beyond this Chibuluma's safety team constantly reviews the weekly and monthly incident reports which include near misses. Based upon this information, risks are identified and initiatives launched to mitigate the hazard in the workplace and to include these risks in induction programmes. For an employee to constantly work safely and in an effective manner, it is necessary to ensure that they take their leave and get rest. Every employee is therefore required to take their annual leave at some stage during the year and upon return from leave that exceeded 14 days, undergo a one-week refresher induction in which particular attention is devoted to any new safety initiatives or changes in operating procedures. Through this constant investment in the training of employees, Chibuluma can realistically work towards eventually eliminating serious workplace incidents.

Occupational health

Metorex is committed to providing a healthy workplace for its employees by progressively identifying, mitigating and, where possible, eliminating occupational health exposures. Wherever such exposures cannot be eliminated, the use of personal protective equipment is strictly enforced. In addition, regular scheduled medical examinations are conducted on each employee and long-term contractors at appropriately equipped occupational health centres. This surveillance programme forms the mainstay of the Metorex operations occupational health efforts by ensuring regular screening, appropriate work placement, early detection and the prompt referral of occupational diseases. Malaria remains the major cause of sick leave.

Metorex is one of the few companies in the DRC and Zambia to have implemented audiometric testing on all employees as part of a comprehensive occupational health programme.

The Chibuluma Mine operates a hospital in Kalulushi which, although primarily a mine hospital, also provides a valuable service to the community with modern equipment supplied by Chibuluma Mine. The mine is very proud of the new digital X-ray machine which has been commissioned. One wing of the hospital has been refurbished and Chibuluma, together with the Zambian National Aids Network ("ZKAN"), has established an HIV/Aids clinic which provides informed voluntary counselling and testing ("IVCT") for HIV/Aids as well as provides antiretroviral medicine to the community. Chibuluma facilitates an incentive system to encourage the community to attend VCT sessions.

The Ruashi medical station is also well equipped with modern audiometric measuring booths and a new X-ray facility. Full audiometric and lung function testing is performed on site. The facilities have been expanded to include testing for malaria.

Medical examinations F2010

	Number of examinations
Chibuluma	2 406
Sable	172
MMK	3 786
Ruashi	3 785

Malaria remains one of the principal health issues for the Central African operations and Metorex continues to work with a range of partners to contain the risk of the disease to its workforce and community. At Chibuluma this is done by meeting a substantial portion of the annual budget for the

malaria control programme known as Indoor Residual Spraying ("IRS") for both the Kalulushi and Lufwanyama District Health Boards. The objective of this programme, run in partnership with the Zambian Ministry of Health, is the spraying of mainly residential structures where the malaria-carrying mosquito can shelter from the more conventional blanket spraying programmes. Together with the district health boards, and representatives from the Ministry of Health the number and location of structures targeted and sprayed is determined on an annual basis.

Although the Zambian Government withdrew funding for the programme, Chibuluma still participated in the spraying of the targeted 17 440 structures, of which 11 440 are in the Kalulushi area, with the remainder in nearby Chambishi. Also included in this spraying campaign were 15 health facilities and their surrounding areas in Lufwanyama district.

While Ruashi, MMK and Sable do not spray for malaria, the companies support ongoing programmes of clearing drainage ditches, trenches as well as other bodies of stagnant water within the community to reduce breeding opportunities for the mosquito.

The Group also recognises that HIV/Aids represents a healthcare challenge for the areas in which it operates and the Group seeks to work with partners to promote behavioural changes among the workforce and their families that reduce the risk of contracting this disease. In addition, the Group facilitates the HIV/Aids voluntary counselling and testing as well as the distribution of ARVs at all its medical facilities. These activities take place against a background of strict non-discrimination against those infected with HIV/Aids among its workforce.

Environment

Metorex is committed to continually monitoring its environmental performance to minimise its impacts on the environment and has integrated environmental management considerations into its overall management practices throughout the Group.

During the year the implementation of the IsoMetrix SHEC management system was initiated and forms the basis of the data on which the Group's operations can base their performance and measure the success of initiatives. As the incident reporting through the IsoMetrix system increases, we expect to see a medium-term rise in all categories of incident reports, and as lessons are learnt and preventative measures taken, we expect the number of significant incidents and later the minor incidents, to decline over time.

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Incidents recorded

	Level 1*	Level 2*	Level 3*	Level 4*	Level 5*
Ruashi	75	6	3	0	0
Chibuluma	18	7	0	0	0
Sable	3	0	0	0	0

*Definitions contained in glossary.

The level 3 incidents at Ruashi relate mainly to the detection of low pH water in the tailings dam groundwater monitoring boreholes. Further investigation found that the low pH was probably caused by the disposal of untreated low pH tailings onto the dam at plant start-up, prior to the commissioning of the lime plant, which eventually manifested in the boreholes. While the lime plant is now fully functional, an action plan has been compiled to ensure that the low pH water does not enter aquifers or surrounding surface water.

Monitoring

Each site continues to operate an environmental management plan that forms part of its operating permit. Surface water, groundwater and air quality monitoring form part of this at every site. Data generated from water sampling feeds into recording the mine water balance. This ensures that all controlled effluent discharge remains within discharge permit limits. Water quality monitoring measures pH, conductivity, temperature, total dissolved solids as well as the levels of specific dissolved metals as required by national legislation. Sampling and analysis are done by the on-site laboratories and verified selectively at off-site facilities. Air quality monitoring measures dust fallout other than at Sable where, due to the extraction process, monitoring also includes sulphur dioxide.

Environmental and community management

Going forward we recognise the need to deepen the integration of environmental management into the overall management of the operations and to support this with additional capacity. We have therefore initiated a formal process of experience sharing within the Group by holding the first Group-wide Metorex environmental and community workshop. This is also designed to facilitate the development of a common approach and culture among the Metorex practitioners.

Mine closure provisions

Metorex operations continue to provide funds for the eventual closure and rehabilitation of its mines. In accordance with the relevant national regulatory requirements these calculations are based on different methodologies and are compiled by

external consultants. A third-party audit of closure planning suggested that there is room for improvement in respect of planning for the social aspects of closure and this will be considered in future reviews.

Closure liability US\$m		2010
Ruashi	US\$m	14,950
MMK	US\$m	0,138
Chibuluma	US\$m	2,624
Sable	US\$m	0,7
O'Okiep	Rm	29,0
Maranda and Rooiberg	Rm	12,0

The Group holds inactive historical mining properties through its subsidiaries O'Okiep Copper Company ("OCC") in the Northern Cape province and Maranda Mines (Pty) Limited (comprising Leeuwpoot and Rooiberg tin mines) in the Limpopo province of South Africa. Metorex is in the process of rehabilitating these sites and intends to apply to the Department of Mineral Resources for closure as rehabilitation progresses. Permits to mine aggregate at OCC and the Maranda mines have since been granted to private parties, and prospecting rights have also been awarded over certain of the properties concerned.

Energy

Metorex commissioned a Corporate Carbon Footprint ("CCF") for the Group to establish a baseline of energy usage and greenhouse gas emissions. The Group CCF, which was compiled according to greenhouse gas protocol guidance, showed total greenhouse gas ("GHG") emissions of 39 627 ton CO₂-equivalent for F2010. The highest contributing site is Ruashi in the Democratic Republic of Congo ("DRC"), and the highest contributing energy source is that of the consumption of diesel fuel on mining sites. The use of hydroelectricity from the DRC and Zambian power grids provides a relatively clean source of electricity. In line with global reporting standards, scope 1 emissions (direct on-site emissions) contribute 64,5 percent towards the total emissions, scope 2 emissions (indirect emissions from electricity consumption) contribute 3,0 percent, and scope 3 (other emissions from material transport and business travel) contribute 32,5 percent. This analysis provides the baseline from which Metorex will monitor emissions and develop improvement plans going forward.

Communities and CSR

In the countries in which we operate there is increasing pressure by civil, social and the foreign community on mining companies to be more accountable for, and transparent about, their actions in the communities within which they operate. This requires companies to look beyond immediate profitability and production challenges by contributing to socio-economic development in a manner that can leave a lasting legacy.

A social scan at all the active mining sites as well as O'Okiep and Musonoi was carried out by rePlan during 2010. The purpose of the scan was to assess the current status of social plans at the sites, and to define further work required in order to address social impacts, risks and opportunities. Plans to address the recommendations of the social scans have been compiled and are in the process of implementation.

In line with our commitment to improve the management and effectiveness of our community investment programme, dedicated capacity tasked with ensuring that CSR projects are selected, supported and evaluated for the greatest positive impact, was put in place at every operation. While we continue to seek partnerships in our community investment initiatives wherever we can, we remain focused on supporting education and healthcare infrastructure to ensure lasting benefits. Going forward we are also exploring how to integrate the activities of our procurement departments more closely with our small and local business support objectives. Over the long term we seek to play a facilitating role in growing the local small business sector but at the same time we wish to avoid creating a culture of dependency on mining operations.

Corporate social responsibility at Ruashi

Project focus area	Locality of the project	Target groups (beneficiaries)
Education		
The complete rehabilitation of the Katuba School; this is a secondary school for 10 000 students	The school is in the suburb of Katuba, one of the largest in Lubumbashi	Children of Lubumbashi, and eventually the economy of the DRC
Regular planting of trees together with environmental awareness for the children continues	Mostly in the Ruashi town, although all areas in Lubumbashi are affected	The population of Lubumbashi The population of Ruashi town, with particular emphasis on the youth
Social upliftment		
Water and power supply, a transformer for the local power distribution has been installed in the Ruashi suburb of Kalukuluku	The Ruashi town, which is a suburb of Lubumbashi	Kalukuluku community
The repair of roads	The Ruashi town	The population of Ruashi, and the surrounding areas
Participating in and sponsoring numerous clean-up campaigns	The Ruashi town	The population of Lubumbashi
Promotion of sport, by arranging an annual marathon and an annual soccer schools tournament	Primarily in Ruashi town, but does extend on occasions across the entire Lubumbashi	The population of Ruashi town, although the marathon is open to all residents of Lubumbashi
Enterprise development		
Utilising local entrepreneurs and artists, for various construction activities on the mine, such as wall construction, small buildings, etc	The Ruashi town	The population of Lubumbashi
We have a policy of utilising and purchasing from local business	The whole of Katanga	The population of Katanga

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Corporate social responsibility at Chibuluma

Project focus area	Locality of the project	Target groups (beneficiaries)
Roads		
Chief Nkana Road – pothole mending/levelling	Ex-mine through Chief Nkana village	Concentrate haulers and community
Airport access road – resurfacing	Ex-mine to airport road junction	Employees and the community
Empowerment		
Job opportunities – recruitment of locals for full-time/casual posts	Chief Nkana's surrounding villages	Local community
Local contractors and suppliers	Mine	Local business people
Gender equality – female recruitment	Mine	Females with requisite qualifications
Sports and recreation		
Soccer and rugby clubs – financial/monetary assistance	Kalulushi	Community
School sports sponsorship	Kalulushi	Kalulushi Trust School
Security		
State police fuel assistance	Kalulushi/Lufwanyama	Local community
Donations – material and monetary		
Schools, churches, chiefs National events – Independence Day – Youth Day – Women's Day – Labour Day – World's AIDS Day – Child Health Week	Kalulushi/Lufwanyama Kalulushi/Lufwanyama	Pupils, congregants and chiefdoms Community

Corporate social responsibility at Sable Zinc

Project focus area	Locality of the project	Target groups (beneficiaries)
Schools		
Entrepreneur of the Year Award – donation	Kabwe Schools	Students
Social		
Donation to Catholic Women's League – fund-raising luncheon	Kabwe	Vulnerable groups in Kabwe community
Health		
Donation of diesel for cholera clean-up campaign	Kabwe	The local community
Kabwe municipal council		
Installation of new clock in municipal council clock tower	Kabwe	The local community
Culture		
Complete renovation and painting of St Margaret's Anglican Church	Kabwe	The local community
Women		
Donation towards the commemoration of International Women's Day celebrations	Kabwe	The local community

Case study

Building relationships prior to mining: Kinsenda

For the year under review, Kinsenda remained a project whose feasibility continues to be explored. The Group's presence on-site is necessary to maintain the dewatering regime in preparation for potential future mining infrastructure. Metorex initiated a process of investing in a number of projects designed to support the community. The former mine hospital has been partly rehabilitated and now provides medical care not only to our workforce and their families but also general malaria treatment and emergency medical care for affected community members. In addition, we have initiated small-scale projects to determine the viability of a range of agricultural initiatives such as fish, pig and cattle farming in addition to planting 500 hectares of maize on rehabilitated farmland for workforce consumption. (Images of community projects on page 22.) Few mining projects lead to the development of mines and yet the pre-mine stage of any project cycle does affect communities. While the final decision on the feasibility of Kinsenda remains outstanding, as at time of publication, we believe that community support at this stage of the project cycle is in line with our policy and objectives.

Stakeholder engagement

Open stakeholder engagement is an essential component of working in a sustainable manner. At the same time it is also a dynamic, issue-driven process. Such engagement can only work if there is commitment to transparent dialogue and an explicit acceptance of legitimate differences in approach on both sides. Metorex is committed to engaging and working with all interested and affected parties, provided the objective of the engagement is approached in a constructive manner with a view to achieving legitimate sustainable solutions, rather than scoring cheap publicity points.

Metorex believes it has demonstrated its commitment to sustained engagement in pursuit of a mutually beneficial outcome in respect of the resolution of the long-standing challenge of artisanal miners at Ruashi Mine.

Case study

Ruashi artisanal miners

When Metorex acquired the defunct Ruashi Mine it understood that it would face a range of challenges in bringing the project back into production. Ruashi had originally been developed as an opencast copper-cobalt mine in the 1920s, but operated only briefly. In the 1960s state mining company Gécamines, reopened Ruashi and operated it until the 1980s, primarily as an underground mine. Due to the challenging political and economic climate of the time as well as stagnant copper prices, Ruashi was effectively abandoned in the 1980s. With Ruashi located on the boundaries of Lubumbashi and the recovery of copper prices in 2004 there was a massive influx of about 3 000 informal miners onto the property. Within a short period they constructed as many as 80 informal tunnel systems up to a depth of 45 metres through which these artisanal miners accessed the high-grade ore beneath the flooded Pit 1 area and the near surface ore in the area of Pit 2.

At the time the Congolese Mining Code explicitly provided for informal mining on land not covered by formal mining leases. The informal miners on the Ruashi property organised themselves into two associations – EMAK and CMKK – which licensed them and collected an administrative levy. Nevertheless, the high-grade ore extracted by the miners was sold to non-Congolese, non-resident buyers which meant that the state derived no benefit from the extraction of the orebody.

When Metorex acquired the rights to the Ruashi mining lease these miners de facto became illegal. It would have been common practice for the owner of a mining lease to enlist the help of the state's armed forces to assert a claim and to remove any trespassers. Despite encountering initial hostility and suspicion by the informal miners, Metorex chose not to go this route. Instead, the small, initial Metorex team, comprising both local and expatriate employees, chose to focus on orebody definition and exploration drilling in the proximity of the Pit which allowed them to establish an understanding of the local conditions without coming into conflict with the informal miners. However, initial attempts to assert its right of access to the main ore body were blocked by the miners.

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Metorex was fortunate that its activities coincided with the return from exile of Moïse Katumbi Chapwe (the then future Governor of Katanga Province). Prior to launching his political career, Katumbi had been convinced that foreign investment would have to play a significant role in the reconstruction of the Congo. He also understood that the business model of the informal miners primarily benefited the foreign buyers of the ore over the workers. The solution in his view lay in building a dialogue that would allow both sides to reach a mutually acceptable solution and he involved himself personally in opening this dialogue in order to ensure that the Ruashi investment, the largest investment by a South African company in the Congo at that stage, would come to fruition. His intervention allowed Metorex to begin the process of building bridges to the leaders of EMAK and CMKK on the understanding that at some stage they would have to leave. With his help, Metorex sought to build a relationship with the informal miners in order to convince them that they were occupying the Ruashi concession illegally and that the Company would have been within its rights to call upon the state to effect a forced removal. At the same time Metorex stressed that it had no intention of adopting confrontational tactics and began buying the ore mined by the 'informals', paying a premium in order to buy material that it in theory already owned. Over a two-year period this material was stockpiled with Metorex deriving no immediate benefit from this, until the plant was commissioned and processing began.

Over time Metorex also assisted the informal miners in legalising their status, paying their state levies and taxes as well as informing them about accessing other deposits. Gécamines had sites formally set aside in terms of the Congolese Mining Code for informal miners to operate legally. As the two sides built up a more trusting relationship, the Company also sought to assert more control over the activities on site, building capacity among the informal miners in respect of safety and rendering emergency assistance in the case of serious safety incidents. By this process the Company gradually moved informal mining out of less safe areas, reducing accidents and building trust. With the help of a Belgian-funded NGO – Group One – and the eventual support of the informal miners, Metorex began the process of removing child labour from the site. In 2006 a BBC team covering conditions of informal miners in the Katanga region highlighted the use of child labour by informal miners. The BBC story confirmed that Metorex had inherited the informal miners and disapproved of child labour. However, the association of the Company with the use of children as workers by informal miners was identified in garbled form by subsequent reports. Metorex nevertheless persisted and with the help of Group One, ensured the removal of all children from the informal mining workforce and their placement into schools or other off-site activities.

At this stage Metorex felt that its relationship with the informal miners had reached a stage at which a phased removal of these people could be initiated with their consent. The process began in late 2006 with the formal registration of all on-site miners – over 3 500 in all. This was done with the assistance of EMAK and CMKK in order to control the influx of opportunistic new arrivals. With registration complete, Metorex offered the informals a range of options; some, notably a group of approximately 50 individuals paid by EMAK to ensure on-site security were engaged by the Company as they had the requisite skills to control access to the site and preserve security during the movement of people while being the last individuals left on site.

At no stage, however, did the Company or any of its employees treat this exercise as a relocation or resettlement with compensation project. Metorex employees had at all times stressed to the informals their illegal status and the finite, though undefined, nature of time that the Company would allow their presence to continue on site. While being completely unambiguous on this issue Metorex did at all times scrupulously avoid any form of intimidation, stressing their willingness to find mutually acceptable solutions to the problem.

A range of informal miners moved away on their own accord to take up other economic opportunities. A small number that demonstrated mining-related skills were offered employment with Ruashi Mining. Many were given the opportunity, upon presentation of a credible business proposal, to receive a small capital investment with which to initiate a new business, such as brickmaking or baking. Some of these, working in construction, remain active subcontractors of Ruashi to this day. The majority, however, chose with the support of EMAK to move to other mining sites set aside for informal mining activities in order to operate legally.

During mid-2007 the violent removal of a group of informal miners from another mine site in the vicinity of Lubumbashi temporarily heightened local tensions and threatened to stop the Ruashi process. However, ultimately the relationship built between the informal miners on the Ruashi site and Metorex over a two-year period, allowed the process to be completed peacefully. In August 2007 Ruashi, after draining Pit 1 and clearing much of the informals' makeshift infrastructure, initiated its first blast in the Ruashi Pit. EMAK continues to represent informal mining interest in the Katanga region to this day and maintains an open dialogue with Metorex. For Metorex, the experience built an understanding of community issues that would lay the foundation for the Company's approach to its future community support projects.

Case study

The need for constructive, transparent engagement: SARW

During the course of the year we have engaged with a range of governmental and non-governmental stakeholders, including the Southern African Resources Watch ("SARW") as part of their research into South African companies operating in southern Africa. SARW claimed that it approached Metorex operations for input but that we failed to respond adequately. In fact, SARW's correspondence in many cases requested matters that were still under negotiation such as the terms of the development agreements with the Zambian Government at the time. As a result the initial SARW publication was, in our view, unbalanced and weakened by some obvious factual errors which more thorough research could have avoided. Metorex nevertheless chose to engage directly with SARW after the publication of its research at our corporate office as well as subsequently allowing open access to our operations. However, despite assurances that factual errors would be corrected and a more constructive dialogue would take place going forward, we have found that the information continues to be used selectively and that the new version of SARW material remains incompletely researched, relying all too frequently on unsubstantiated claims by unidentified individuals often not directly linked to the mines themselves.

Going forward Metorex will continue to engage with SARW and communicate its concerns about the material published in this manner. But failing a more constructive approach, the Group increasingly will counter the dissemination of unbalanced research with more balanced information written by third parties on behalf of the Group. It will also increasingly seek to be more transparent about the details of the engagement process. We believe that engagement with organisations such as SARW can, if pursued constructively by both sides, lead to positive outcomes beneficial to all stakeholders and most importantly our host communities.

Economic contribution/value add

Metorex strives to generate lasting benefits everywhere it operates, both for its shareholders as well as the stakeholders affected by our activities. As a significant foreign investor in the countries in which we operate, we are proud of the numerous socio-economic benefits we have generated in the course of conducting our businesses. Metorex's contribution in this regard extends beyond direct employment and taxes to the indirect benefits which our activities create for our stakeholders.