

GROUPE BAZANO SPRL

Response to the article published by PREMICONGO on the subject

MINING EXPLOITATION, ENVIRONMENTAL MANAGEMENT AND SOCIAL RESPONSABILITY OF MINING COMPANIES IN KATANGA

Local communities left behind

Case of GROUPE BAZANO and CMSK

January 2013

Opinions and considerations made by GROUPE BAZANO SPRL

Noting the article recently published by PREMICONGO, a DR Congolese NGO financially supported, according to its own statement, by **Friends of the Earth – Netherland / Milieudefensie** in the framework of the *Limits Mining* project, GROUPE BAZANO has asserted its right to response in these few lines.

We opened a dialogue with Mr. BWENDA, a member of PREMICONGO, having obtained his commitment to consider data that we will be providing and receiving from him the addresses of his correspondents to enable us to use our right of reply.

Reading his report inspires us the following comments:

- The article is a baseless accusation.
- The fact that our plant in Likasi is equipped with ovens using electrical energy is not underlined. This gives the false information that is solid fuel energy (wood and coal) that would be used with the consequence of the blame for deforestation in the region. We refute this by a much verifiable reality of increased electrical power deficiency that pushed our company to operate during the year 2012 with only 2 ovens on 7 installed.
- The technical equipment and actions that were implemented in the plant for the mitigation of environmental pollution are not highlighted.
- Our social and environmental actions are mentioned only very discreetly.
- The fact that our company is the first one to have responded to the call of the DRC authorities to fight against hunger by erecting a large modern agro pastoral farm was scratched.
- The article deliberately contains false information and omissions, the author claiming that some of the information that we have provided was not convincing in his eyes. However, it should be noted the following facts.
- GROUPE BAZANO no longer holds any share in MUTANDA MINING SPRL, an affiliate of GLENCORE. Its activities are limited to subcontracting in mining exploitation.

- The decline in productivity of fruit trees which is said to be observed in the neighborhood of the metallurgical plant in Likasi is unfounded statement contradicted by the fact that it exists in the precincts of the plant greenery and productive fruit trees (bananas in particular).
- Our company has a total of 17 mining concessions: 10 Exploration Licenses and 7 Small Mining Operation Permits.
- Being a very sensitive matter, compensation of communities for land expropriation is a process which is strictly controlled by the administrative authorities. Our company doesn't recognize any dispute in this regard.
- Local communities were by no means ignored since the existence of our company. Substantial amounts are raised annually for the benefit of the population. In 2011, for example, an amount of about 2.5 million U.S. dollars was allocated to social activities and humanitarian donations.

GROUPE BAZANO, a dynamic mining company

Since its foundation in 2003, GROUPE BAZANO SPRL has experienced a remarkable development, which allowed him to fully exercise its main activities in the fields of geological exploration, mining, metallurgical processing of copper and cobalt ores as well as commercialization of resulting products. These activities, which are conducted primarily in its operation sites in Likasi and Kolwezi, are controlled from the General Direction located at its headquarters in Lubumbashi, DRC.

The pyrometallurgical plant of GROUPE BAZANO is located **in the industrial area** of Likasi that, following the uncontrolled expansion of the city, is now surrounded by the new residential area called Kamatanda. The plant has started production of red and white alloys in 2005. It currently has seven **electric arc furnaces** including six in working condition and one in reserve. The main difficulty encountered in recent years is the inability of the National Electricity Company "Société Nationale d'Electricité (SNEL)" to provide the amount of electrical energy required for both production operations and to meet the requirements for extensions according to our development program. Because of the lack of electric power, the Likasi plant, using no fuel, could run in 2012 sporadically with two ovens only, which at the end of the year pushed the company to put most of the personnel on technical leave.



(a)

(a) A view of the metallurgical plant in Likasi



(b)

(b) Dust cleaning unit in the plant compound in Likasi

Geological research activities, mining and metallurgical operations are conducted in accordance with prescribed mining legislation of the country, in strict compliance with the environment. Each year, specialized registered offices carry out visits to our facilities and mine sites for environmental control works documented in monitoring reports which are submitted to the competent services of the Ministry of Mines. We also regularly receive official environmental inspection missions.

As in the past, the Company has made in 2012 significant agro pastoral activities. BAZANO FARM in Likasi has become a benchmark in the region. On 3000 hectares of which 1000 hectares fallow, there are crops, vegetable and fruit, in addition to fish ponds and livestock of good race.



(a)



(b)

BAZANO FARM - (a) vegetable gardening - (b) some cows grazing

GROUPE BAZANO remains faithful to its commitment to social benefit of neighboring populations. The social sector has remarkably grown in recent years, particularly in the health sector. In 2011, a budget of 2.5 million U.S. dollars was allocated to social actions, most of them in response to requests from authorities and various organizations of the sectors of education, rural life, health, sports, etc., in addition to the activities included in our sustainable development plans. As required under Congolese law, they result from public consultations which are prescribed prior to start any mining project.

In addition to its contribution to economic development of the country, GROUPE BAZANO is one of the few mining companies in the DRC which from the beginning (2007) voluntarily participates in the process of "Initiative for Transparency in Extractive Industries" in the Democratic Republic of Congo (DRC EITI-), an international initiative supported in DRC by the "German International Cooperation" (Gesellschaft für Internationale Zusammenarbeit, GIZ in acronym).

The company also participates in the IDAK (Sustainable Investment in Katanga), a tripartite platform (Provincial Government of Katanga, Mining Companies operating in Katanga and Organizations of the Civil Society) dedicated to supporting the development of the province of Katanga, while respecting environmental standards, under the technical support of GIZ.

A selection of photos showing some of the socio-economic achievements

Regarding actions and welfare with high visibility, the few cases mentioned in this text are there for illustrative purposes, the ground realities being much more expressive. Below we present a selection of photos showing some of the socio-economic achievements.



(a)

(b)

LIKASI: (a) - Green Park at the entrance of the city – (b) – Toyota Market



(a)

(b)

LUBUMBASHI: Medical Center of the Foundation « Life and Health »

(a) – A view of the pavilions – (b) – Sick room