

SASOL AND THE GOVERNMENT OF MOZAMBIQUE

**COMPENSATION PROCEDURES
FOR
OFFSHORE EXPLORATION ACTIVITIES**

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ACRONYMS

2D	Two Dimensional
3D	Three Dimensional
BANP	Bazaruto Archipelago National Park
CLO	Community Liaison Officer
CPF	Central Processing Facility
ENH	Empresa Nacional de Hidrocarbonetos
GOM	Government of Mozambique
GPS	Geographical Positioning System
IDPPE	Small Scale Fisheries Development Institute
IIP	National Fisheries Research Institute (Instituto Nacional de Investigação Pesqueira)
MICOA	Ministry for the Coordination of Environmental Affairs (Ministério para a Coordenação da Acção Ambiental)

DEFINITIONS

Artisanal fisheries	Fishing operations using small vessels or no vessels at all, with much of the catch used for subsistence consumption, although some is processed, sold or traded
Drilling	Offshore drilling activities within Explorations Blocks 16 and 19
Exclusion zone	A defined area around a seismic vessel, or where well drilling or testing operations are taking place, from which all non-project entities and activities are prohibited
First order fishmonger, trader or processor	These are individuals or groups to whom artisanal fisheries directly sell their catch
Industrial fisheries	Fishing operations are carried out in Mozambican waters or beyond, using motor-driven vessels more than 20 m long, crewed by 8 to 35 fishers. Vessels use crushed ice or have on-board refrigeration to preserve the catch, use mechanical fishing methods and are equipped with Geographical Positioning Systems (GPS)
Joint Task Group	A working group consisting of representatives from Sasol and the Mozambican Government
Sasol	Sasol Sofala Limitada
Semi-industrial fisheries	Semi-industrial fisheries operate in coastal areas using motor-driven vessels from 10 m to 20 m in length. The operations use ice or mechanical refrigeration for on-board preservation of the catch, and they may also use mechanical fishing methods

PREAMBLE

The purpose of this document is to ensure the equal and fair treatment of all those affected by any of Sasol's projects in Mozambique, insofar as compensation is concerned. It will also ensure that everyone is treated in the same manner and consistency will be achieved across provinces and districts.

Sasol's projects within Mozambique, to date include the following infrastructure and activities:

- **Infrastructure.**
This includes the main pipeline from the Central Processing Facility (CPF) in the Temane Gas Field to Ressano Garcia, all flowlines and exploration and production wells within the Temane and Pande Gas Fields and all other pipelines between the Temane and Pande Gas Fields, as well as all associated roads and access routes.
- **Activities.**
These include the development of the Temane and Pande Gas Fields and seismic exploration surveys, as well as drilling and testing within the Exploration Block, including the area north of the Save River in Sofala Province, between the EN1 and the coast.

Further to this, Sasol, together with its partner, Empresa Nacional de Hidrocarbonetos (ENH), intends to undertake offshore seismic exploration surveys and drilling, as well as associated activities within Exploration Blocks 16 and 19, with the aim of expanding existing and developing new gas markets within both Mozambique and South Africa. Following seismic exploration, it is anticipated that a number of exploration wells will be drilled and tested. Depending on the results of the exploration activities, and should the existence of economically viable quantities of hydrocarbons be confirmed, Sasol and ENH will submit a Development Plan to the Government of Mozambique (GOM) for the development of the offshore reserves. This will entail the drilling and development of wells and platforms, flowlines and pipelines. Before any of these activities may commence, it is a prerequisite that a new environmental impact assessment be conducted and, thus, the activities will be the subject of a separate environmental licensing process.

All projects have been (and will continue to be) conducted in accordance with international standards and relevant Mozambican law, relating to design, specifications and standards such as ASME B31.8 and those of the World Bank Group, and have been guided by the following documents, that focused on land-based activities only:

- Resettlement and Compensation Procedure for Temane/Pande Field Development Projects and Mozambique/Secunda Pipeline.
- The Resettlement Planning and Implementation Programme (Volume 1).
- The Resettlement Planning and Implementation Programme (Volume 2: Land Settlement Plan).
- The Resettlement Planning and Implementation Programme (Volume 3: Land Use Plan).
- The Resettlement Planning and Implementation Programme (Volume 4: Monitoring and Evaluation Programme).

With the exploration of the offshore Blocks 16 and 19, it has become necessary to develop measures that account for offshore activities. This document, therefore, aims to define procedures relevant to non-land based and/or offshore activities.

It is evident that the exploration of Blocks 16 and 19 will be carried out in a phased manner (3D deepwater first, followed by 2D deepwater and then by shallow water surveys) in accordance with authorisations, if or when they are obtained. Thus, while this document attempts to holistically cover all aspects of compensation related to offshore exploration activities, it is acknowledged that not all data are available. In this regard, the Procedures should be seen as a “living document” that will be updated, adapted or revised, as information becomes available.

Sasol and the GOM have compiled these Procedures, in consultation with potentially affected parties/entities.

1. INTRODUCTION

Currently, offshore activities being investigated by Sasol are within Exploration Blocks 16 and 19, located to the east and north east of the Bazaruto Archipelago National Park (BANP) (Figure 1), and include waters offshore from the districts of Vilanculo, Inhassoro and Govuro (Inhambane Province) and Machanga (Sofala Province), stretching from the Save River mouth southwards to Cabo São Sebastião (an area approximately 5,110 km² in extent). While the waters between the mainland and the BANP are excluded from the concession area, the project's area of influence, will extend to the eastern boundary of the Archipelago's islands, as well as into the four districts, and possibly further a field.

Currently, the proposed offshore project includes the undertaking of seismic surveys and the drilling and testing of exploration wells. Seismic surveying entails a seismic vessel moving along a predetermined survey line (either in an east west or north south direction) (at approximately 4 km/hour) emitting low frequency noise signals towards the seabed, via a sub-surface energy source towed behind a ship. The noise signals are emitted in what is known as a "soft start" manner, i.e. initial signals are low decibels building up to higher levels over time, thereby enabling marine life to move away from the direct area of influence. The signals reflected by geological discontinuities below the seabed are registered by hydrophones located inside floating cables. The reflected signals are registered and transmitted to the seismic vessel for electronic processing. Analyses of the received signals allows for the interpretation of sub-sea geological formations. Survey lines are orientated in both north to south and east to west directions.

Seismic exploration is expected to comprise the collection of two dimensional (2D) and three dimensional (3D) data as follows:

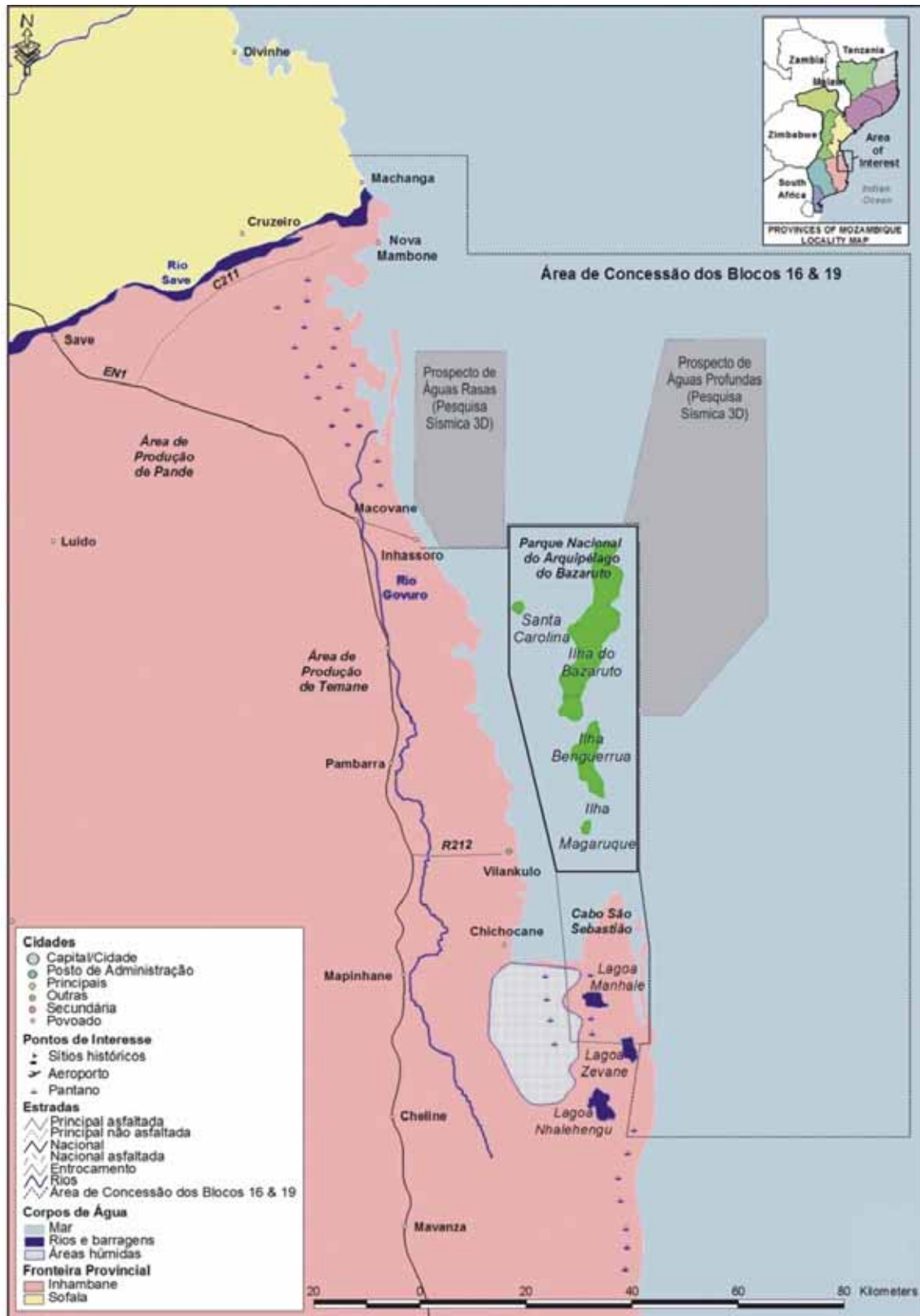
- The 2D survey will cover a total area of 2,600 km², with the survey lines orientated in north to south and east to west directions, and will include areas previously covered by seismic surveys. The surveys are expected to take three months.
- The 3D survey will be carried out in two distinct areas, viz. the shallow water prospect and the deep water prospect, covering approximately 560 km² and 1,950 km², respectively. Shallow water surveys are estimated to take one month, while the deep water surveys may take four months.

An exclusion zone, with an approximate 4 km radius around the seismic vessel will be enforced. However, it is important to note that access to a particular area will only be prohibited for a period of between 2 and 5 days, as the vessel moves continuously.

The drilling of wells is estimated to take between 18 and 25 days per well, depending on water depth, with well testing lasting 3 to 7 days per well. Hydrocarbons brought to the surface during testing will be appropriately flared in the case of gas, or burned in the case of natural gas liquids. Exclusion zones of between 500 m and 1,500 m radius (depending on the type of drilling vessel) will be enforced around the well sites.

As identified in the Social Impact Assessment for the project, fisheries and tourism are the primary entities potentially affected by the project's activities and are, therefore, considered in this document.

Figure 1 Exploration Blocks 16 and 19 Concession Area (shallow and deep water prospects)



2. FISHERIES

2.1 Entities

Entities potentially affected by the project include:

□ Artisanal fisheries.

Artisanal fishing operations use small vessels (under 10 m in length, propelled by oar, sail or small outboard or inboard motor) or no vessels at all. Some of their catch is used for subsistence consumption, while the rest is processed (dried and salted), sold or traded.

The Social Impact Assessment has identified four main groups, which have been confirmed by a “blue carding”/registration exercise:

- Owners (of gear and/or boats, that fish and that do not fish).
- Independents.
- Divers and collectors.
- Salaried workers/crew (both temporary and permanent).

Fishing gear can comprise seine nets, hooks and lines, gill nets, harpoons and traps.

□ Semi-industrial fisheries.

Semi-industrial fisheries operate in coastal areas using motor-driven vessels from 10 m to 20 m in length. The operations use ice or mechanical refrigeration for on-board preservation of the catch, and they may also use mechanical fishing methods. Shallow and deep prawn fishers (trawling) and line fishers (deep sea) are included in this group. Generally, this group is able to operate in areas outside of the project area.

□ Industrial fisheries.

Industrial fishery operations are carried out in Mozambican waters or beyond, using motor-driven vessels more than 20 m long, crewed by 8 to 35 fishers. In general, these fishing vessels use crushed ice or have on-board refrigeration to preserve the catch, use mechanical fishing methods and are equipped with Geographical Positioning Systems (GPS). As such, these fisheries are able to extend the range of their operation as well as the duration of the fishing trips, and are able to operate outside of the project area. Trawl nets used to catch deep sea shrimp (at depths between 200 m and 800 m) are included in this group.

□ Fishmongers/traders/processors.

These are individuals or groups to whom artisanal fisheries directly sell their catch. They would then either sell the catch directly on to their customers, or first process (dry and salt, freeze, etc) the catch and then sell to their customers.

2.2 Principles

- Compensation will be provided in the form of cash (primarily), food support or other means suitable and applicable to the loss incurred.
- Compensation will be provided for the loss of access to resources and direct losses of income as a result of project activities. This includes compensation for loss of income incurred at locations not situated within the exploration area, for example, shallow water fishers potentially experiencing reduced fish catches during deep water surveys.
- In keeping with international practice, industrial and semi-industrial fisheries will not be eligible for compensation as they are able to continue their operations outside of the project area. The Ministry of Fisheries will liaise directly with these entities to ensure they are informed about the exploration activities and the areas of work.
- Compensation will not be paid for upstream impacts.
- Food support will be provided at the discretion of Sasol and the GOM, should it be deemed necessary.
- Claims lodged that do not meet the requirements of the Procedures will be investigated, but the onus of proof will be on the claimant (to provide evidence of actual financial loss).
- Compensation claims settled and payments made by the project are done so without prejudice.
- Community consultation and involvement are critical in establishing procedures that are transparent and fair.
- Good communication systems and strategies are crucial to the success of the project and the payment of compensation.

2.3 Approach and methodology

The approach and methodology used can be summarised as follows:

- At the earliest opportunity, identify areas that will be impacted and annotate such on maps and aerial photographs.
- Undertake baseline surveys/pre-registration (blue-carding) to:
 - Identify potentially affected persons, parties or entities and to register their names and details (this will include information pertaining to where, when and how they fish, what they catch, what they do with the catch, what income they earn from the catch, etc).
 - Identify local community leaders/representatives and institutions to assist in the process.
 - Estimate the magnitude of the impacts relative to the need for compensation.
- Compile a fisheries register.
- Value compensatable assets.
- Participate in social investment as part of the project, through the relevant forums created for such a purpose. These social investment activities do not constitute part of the Compensation Procedures but, rather, form part of Sasol's overarching Social Development Plan that has been planned and is being implemented in a manner that covers all of Sasol's activities in Mozambique (i.e. it is not offshore specific).
- As soon as possible after project authorization by the GOM, formulate compensation offers and obtain signed agreements with those affected.
- Provision of alternative resource use areas and/or livelihood strategies (as applicable), inclusive of ancillary support services, for example, interim food support where access to fishing ground is temporarily lost, or fish catches are deemed to have significantly reduced as a result of offshore activities.
- Monitoring and evaluation of the process and outcomes.

Sasol shall submit to the GOM all information it can obtain regarding fisheries in the project area, together with substantiating documents such as reports, photographs and videos, amongst others.

2.4 Compensation strategy

Potential impacts resulting from Sasol's offshore activities primarily relate to the loss of access to and use of resources, and loss of and disruption to income sources and livelihoods (i.e. economic displacement). The offshore exploration activity is of short duration and it is anticipated that impacts will be temporary in nature.

All affected entities will be provided with cash compensation equivalent to the productive value of their fishing or fishing-related (for fishmongers, processors and traders) operation for the duration of the project's activities in the area.

At the discretion of Sasol and the GOM, and should it be deemed necessary, food support will be provided, based on emergency food rations to meet protein, energy and micronutrient requirements, and until such time as normal fishing operations are able to resume.

2.5 Eligibility and claim process

Affected people utilising the project area and dependent on the resources from the project area, will be eligible for compensation. The process will be as follows:

- Using project schedules, determine which areas will be impacted on and for how long.
- Using information collected during the baseline survey (the fisheries register), determine who is eligible for compensation according to the project's activities as detailed in the schedules.
- Calculate individual claims according to the compensation criteria in Section 2.6.
- Discuss the claim with, and obtain sign-off from, the affected person.
- Sasol must keep a complete report of its decisions and shall continually keep the Joint Task Group informed of these decisions.
- Appeals should be lodged in accordance with the grievance mechanism as detailed in Section 2.8.

In addition, fishers attempting to use an area under survey will need to be logged by the chaser boats, and their details recorded for use in further investigations with regard to their eligibility. These cases will need to be assessed individually in order to determine whether compensation is due. The involvement of local leaders and institutions will play a critical role in these assessments.

2.6 Calculation of compensation

Sasol might appoint duly qualified social consultants and trained field workers, who all should be able to speak Portuguese and any other relevant local language, to negotiate with the affected people. These consultants and field workers will report to Sasol. An official of the GOM will monitor the blue carding and registration exercise and will accompany consultants and field workers during the determination of compensation.

Compensation will be paid for loss of access to resources and loss of income to artisanal fishers and first level fishmongers, traders or processors only.

2.6.1 Artisanal fisheries

Compensation will be calculated as follows:

- Determine an average catch's composition (for example, type of fish caught, class of fish caught, etc), volume (weight, quantity, etc) and effort (type of fishing gear used).
- Establish an acceptable value (for example, per kg, per boat, per person or per day) for a mixed catch, as per Table 1.
- The full value (i.e. 100%) will be compensated for every day that the exclusion zone is in force.
- Thereafter, a sliding scale (provided below) will apply:
 - On day one that the exclusion zone is opened, the full value (i.e. 100%) will be compensated.
 - On day two, the full value (i.e. 100 %) will be compensated.
 - On day three, 75% of the full value will be compensated.
 - On day four, 50% of the full value will be compensated.

This is necessary in order to encourage fishers to return to the sea and continue with their fishing operations

Through ongoing monitoring, catch volume will be recorded (by the Small Scale Fisheries Development Institute (IDPPE)) at various locations during the exploration period, and thereafter, as necessary. Using historical data from the IDPPE and the National Fisheries Research Institute (NFR) it can be determined whether catch volumes have increased or decreased. Should decreases be experienced, which are directly attributable to the project, the difference in volumes can be calculated (assuming no outside factors, such as poor weather) and using the compensation values established (as per Table 1), the difference will be payable as compensation.

2.6.2 Fishmongers, traders and processors

Compensation is based on how many of the fishers affected at one time supply a particular fishmonger, trader or processor.

By this it is understood that the retailer may not get all his fish from one supplier and, therefore, it will be necessary to calculate the percentage of fishers out of the total for a particular area that are affected at any one time, and pay compensation accordingly.

The sliding scale of compensation over a few days will also apply. Market related values (dependent on the season and general availability of fish in an area) will be paid per kilogram following discussion and negotiation with the affected party

Table 1 Offshore compensation values¹

Entity	Catch volume (kg/week)	Catch value (MTn/kg)			
		Class 1 fish	Class 2 & 3 fish	Prawns	Calamari
Owner	100 (x no. of employees)	35	20		
Employee	100	15	11		
Independent	100	35	20		
	Purchase volume (kg/week)	Purchase price (MTn/kg)	Sale price (MTn/kg)	Operating costs (%)	Profit (MTn)
Traders	Variable	35	Variable	Variable	Variable

¹ Figures provided in Table 1 originate from data collected during the baseline survey, and relate primarily to potential deep water impacts. If, and/or when, new or additional information becomes available during the implementation phase, the Table will be updated accordingly to reflect these changes.

2.7 Actual payment of compensation

- Compensation will be paid in cash to the registered claimant as soon as practically possible following confirmation of eligibility. It is acknowledged that timely payment of compensation is critical given the reliance of people on fishing as a livelihood.
- Local leaders will verify the actual person receiving compensation.
- Sasol will attend to compensation payments by utilising an independent payroll bureau (inclusive of security measures). The payroll bureau will be appointed and managed by Sasol.
- A roster of scheduled payment sessions will be established and will be communicated to local communities in advance of the applicable payment session.
- Pay points will be established in close proximity to where affected people reside, facilitating easy access.

2.8 Grievance mechanism

This process will allow for the reassessment of decisions when affected people voice concerns regarding the results of the compensation process as such concerns arise, and shall ensure that corrective action is taken timely. The mechanism also ensures transparency.

Sasol shall obtain the information necessary to determine if affected individuals, households, communities, groups and/or other entities raised any grievances, and if any affected party is dissatisfied with the compensation as determined.

Sasol and the GOM representative, in addressing disputes with affected people regarding compensation, will follow the process as outlined below:

- Sasol and the GOM representative will investigate the disputed decision on a claim, and, if necessary, discuss it with the local Chief or relevant authority, before they re-evaluate the decision on compensation.
- If the dispute cannot be resolved at field level, it should be referred to the Joint Task Group for a recommendation.

If the claimant does not accept the recommendation of the Joint Task Group, he or she can appeal in the manner normally available to him or her through the Mozambican legal system. This will involve an appeal to the District Administration in the first instance, and thereafter to the Provincial Government, and in the final instance the matter can be referred to a Mozambican court of law.

Grievances can be lodged at Sasol's Project office in Vilanculos, at the Administrative Offices in Machanga, Nova Mambone, Inhassoro and Vilanculos, at the local offices of the IDPPE in Inhassoro and Vilanculos, as well as at the offices of the BANP. Formal registers will be kept at each of these locations. Community Liaison Officers (CLOs), appointed by the Project, will be responsible for monitoring these registers and collecting any grievances for forwarding to the Compensation Implementation Team and Compensation Joint Task Group for further action.

Sasol will maintain a written record of all disputes and/or grievances, pertaining to compensation, raised during the project's lifetime (pre-construction or development, post-construction or development and during operation, through to closure or decommissioning). These records will be monitored regularly by an independent agency as part of the ongoing Monitoring and Evaluation Programme. Copies of these records should be forwarded to the GOM through the Joint Task Group.

2.9 Monitoring and evaluation

2.9.1 Procedures

Monitoring of the Procedures and their implementation will be ongoing throughout the offshore survey period, and post the survey as deemed necessary. A GOM representative, appointed by the Task Group, will accompany field staff daily to ensure that the Procedures are correctly applied and that compensation actually paid to affected people is consistent with losses incurred.

Furthermore, all records will be submitted to the GOM for review, when requested. At the discretion of Sasol and the GOM, these records may be made available in public forums.

2.9.2 Fisheries

In collaboration with the IDPPE, using the data it collects (as part of its normal functioning), with regard to catch volumes and fishing activity in general, it will be possible to ascertain whether or not fish catch volumes have decreased and whether there have been longer-term impacts that need to be addressed and for which compensation may need to be paid. Further, Sasol will undertake a single monitoring survey three months after the conclusion of offshore exploration activities amongst affected people to determine whether their livelihoods are being sustained at a level commensurate with that recorded by Sasol prior to the commencement of offshore exploration activities.

3. TOURISM

3.1 Entities

The following are the types of tourism facilities, activities and/or services operating within or near to the proposed project area:

- Accommodation only facilities (primarily on the mainland).
- Accommodation and marine facilities (a combination of mainland and island facilities).
- Live-aboard boats/yachts.
- Eateries/restaurants and pubs (mainland only).
- Tour operators.
 - Diving/snorkeling.
 - Deep sea/game/sport fishing.
 - Pleasure/booze cruises.
 - Dhow safaris.
- Private boat owners (fishing, cruising, sailing, yachting, etc).
- Cruise liners.
- Bazaruto Archipelago National Park.

3.2 Principles

- Compensation will only be paid to entities incurring a direct loss of income ("actual financial loss") as a result of the project's activities, i.e. if an activity cannot be carried out as a result of the exclusion zone imposed in the vicinity of the seismic vessel or well site, and drilling and testing operation. This will primarily relate to diving, snorkelling and excursion operators as they will be prohibited from using certain areas at certain times.
- Consideration will also be given to claims related to secondary effects, for example, noise, and the affects of this on tourism operations, which prohibits the continuation of normal activities.
- Claims lodged that do not meet the requirements of the Procedures will be investigated, but the onus of proof will be on the claimant (to provide evidence of actual financial loss).
- Compensation paid by the project is done so without prejudice.
- Compensation related to perceived or long-term impacts are not covered within these Procedures (see bullet 3 above).
- Impacts will be mitigated as far as possible via an intense and expansive system of communication.

3.3 Approach and methodology

The approach and methodology can be summarised as follows:

- At the earliest opportunity, identify areas that will be impacted and annotate such on maps and aerial photographs.
- Using information collected from the Tourism Specialist Study, compile a database of all operators (essentially who they are and the nature of their business), in both the formal and informal sectors. From the database, identify those operators potentially affected by the exclusion zones and register their names and details.
- Enter into negotiations with individual operators in order to reach an agreed settlement.

- Participate in social investment as part of the project, through the relevant forums created for such a purpose. These social investment activities do not constitute part of the Compensation Procedures but, rather, form part of Sasol's overarching Social Development Plan that has been planned and is being implemented in a manner that covers all of Sasol's activities in Mozambique (i.e. it is not offshore specific).
- Monitoring and evaluation of the process and outcomes.

3.4 Compensation strategy

Potential impacts resulting from Sasol's offshore activities primarily relate to the loss of access to and use of resources and loss of and disruption to income sources and livelihoods (i.e. economic displacement).

All affected entities will be provided with cash compensation equivalent to the productive value of their operation for the period that their operation is impacted, for the duration of the project's activities in the area. Affected tourism and associated operators will be compensated on proven actual financial loss.

3.5 Eligibility and claim process

Affected people operating in the project area will be eligible for compensation. The procedure will be as follows:

- Using project schedules, determine which areas will be impacted on and for how long.
- Using the database determine who is eligible for compensation according to the project's activities as detailed in the schedules.
- Calculate individual claims according to the compensation criteria in Section 3.6.
- Discuss the claim with, and obtain sign-off from the affected person/ operator.
- Sasol must keep a complete report of its decisions and shall continually keep the Joint Task Group informed of these decisions.
- Appeals should be lodged in accordance with the grievance mechanism as detailed in Section 3.8.

3.6 Calculation of compensation

Compensation will be paid for actual financial loss resulting from loss of access due to exclusion zones being imposed in certain areas at certain times.

Compensation values will be determined on a negotiated basis with individual operators as their operations differ and, therefore, it would not be acceptable to use an average compensation value.

Should the situation arise that Sasol and the affected party cannot agree on a compensation amount, the matter will be referred to an independent expert for resolution, as more fully described in Section 3.6.1.

3.6.1 Disputes on Compensation

- 3.6.1.1 If a negotiated settlement cannot be reached, any dispute in respect of the determination of the amount of the compensation as intended in Section 3.6 hereof will be referred to

an umpire, provided that such referral takes place within the period of 1 (one) month after the parties have agreed that a negotiated settlement cannot be reached.

- 3.6.1.2 In the event of a dispute, such dispute will be referred to a person as agreed upon by the parties. The person must be a suitable, qualified expert with at least 15 (fifteen) years of practical experience in the relevant field and must be registered at an appropriate professional association.
- 3.6.1.3 Any person appointed in terms of the agreement as set out above ("the UMPIRE") shall always act as an expert and not as an arbitrator.
- 3.6.1.4 The procedure and method to be followed in the hearing of the dispute and the hearing of expert evidence and anything which is necessary to be done to reach a decision, shall remain in the full discretion of the UMPIRE.
- 3.6.1.5 The parties shall use their best endeavours to procure a decision by the UMPIRE within 21 (twenty-one) days or as soon as possible thereafter, after the dispute was referred to the UMPIRE.
- 3.6.1.6 The decision of the UMPIRE will be final and binding upon the disputing parties and may be made an order of any court of competent jurisdiction upon the application of a party to the dispute.
- 3.6.1.7 The provisions and proceedings of this dispute resolution clause are binding on all the parties and the parties shall not be entitled to withdraw from the proceedings or to maintain that they are not bound by such provisions.
- 3.6.1.8 In respect of the costs in the dispute resolution proceedings, the UMPIRE shall make such award, or awards, in respect of costs as he/she in his discretion may deem fit in respect of the following:
- 3.6.1.8.1 Interim awards in respect of wasted costs.
 - 3.6.1.8.2 On request of any party, determine whether a particular item or items claimed by any party in terms of an order to costs made by the UMPIRE, should be allowed or disallowed against the other party.

3.7 Actual payment of compensation

- Compensation will be paid in cash (preferably via cheque or bank transfer) to the registered operator as soon as practically possible following negotiations to reach an agreed settlement.
- Sasol will attend to the compensation payments by utilising an independent payroll bureau (inclusive of security measures). The payroll bureau will be appointed and managed by Sasol.

3.8 Grievance mechanism

This process will allow for the reassessment of decisions when affected people voice concerns regarding the results of the compensation process as such concerns arise, and shall ensure that corrective action is taken timeously. The mechanism also ensures transparency.

Sasol shall obtain the information necessary to determine if affected individuals, households, communities, groups and/or other entities raised any grievances, and if any affected party is dissatisfied with the compensation as determined.

Sasol and the GOM representative, in addressing disputes with affected people regarding compensation, will follow the process as outlined below:

- Sasol and the GOM representative will investigate the disputed decision on a claim, and if necessary discuss it with the relevant authority, before they re-evaluate the decision on compensation.
- If the dispute cannot be resolved at field level, it should be referred to the Joint Task Group for a recommendation.

If the claimant does not accept the recommendation of the Joint Task Group, he or she can appeal in the manner normally available to him or her through the Mozambican legal system. This will involve an appeal to the District Administration in the first instance, and thereafter to the Provincial Government, and in the final instance the matter can be referred to a Mozambican court of law.

The burden of proof lies with the claimant, and the onus will be on him or her to provide substantive evidence that compensation is due or that compensation offered/paid is inaccurate. All payments made by Sasol are without prejudice.

Grievances can be lodged at Sasol's Project office in Vilanculos, or at the Administrative Offices in Machanga, Nova Mambone, Inhassoro and Vilanculos. Formal registers will be kept at each of these locations. Community Liaison Officers (CLOs), appointed by the Project, will be responsible for monitoring these registers and collecting any grievances for forwarding to the Compensation Implementation Team and Compensation Joint Task Group for further action.

Sasol will maintain a written record of all disputes and/or grievances, pertaining to compensation, raised during the project's lifetime (pre-construction or development, post-construction or development and during operation, through to closure or decommissioning). These records will be monitored regularly by an independent agency as part of the ongoing Monitoring and Evaluation Programme. Copies of these records should be forwarded to the GOM through the Joint Task Group.

3.9 Monitoring and evaluation

This function will fall to the project office in Vilanculos, where all concerns, queries, etc will ultimately be lodged and forwarded to the relevant division within Sasol for further action.

4. REFERENCES AND SOURCE MATERIAL

- ACER (Africa) Environmental Management Consultants. 2003. Resettlement Planning and Implementation Programme (Volume 1).
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5. INTERVIEWS/CONSULTATIONS

- Joint Task Group (MICOA, Ministry of Fisheries, MITUR and DNAC, IIP, IDPPE Sasol).
- Stakeholder Forum Meeting (16 November 2006, Inhassoro).
- Fishing Association representatives (Inhassoro, Vilanculos, Nova Mambone and Machanga).
- Various Tourism Operators.

Sections 4 and 5 will be updated on an on-going basis as these Procedures evolve